STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Power Company d/b/a	**:**	
AmerenIP and Ameren Illinois	**:**	
Transmission Company	**:**	
	:	**06-0706**
Petition for a Certificate of Public	**:**	
Convenience and Necessity, pursuant	**:**	
to Section 8-406 of the Illinois Public	**:**	
Utilities Act, to construct, operate and	**:**	
maintain new 138,000 volt electric	**:**	
lines in LaSalle County, Illinois.	**:**	

PROPOSED ORDER

DATED: November 25, 2008

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PROPOSED ORDER

By the Commission:

I. PROCEDURAL HISTORY

On November 1, 2006, Illinois Power Company d/b/a AmerenIP ("IP") and Ameren Illinois Transmission Company ("AITC") (collectively "Petitioners") filed with the Illinois Commerce Commission ("Commission") a petition seeking a Certificate of Public Convenience and Necessity pursuant to Section 8-406 of the Public Utilities Act ("Act"), 220 ILCS 5/1-101 et seq., authorizing IP and AITC to construct, operate, and maintain two new 138 kilovolt ("kV") electric transmission lines in LaSalle County, Illinois. Petitioners also seek an order approving the construction of the transmission lines pursuant to Section 8-503 of the Act. Petitioners do not at this time seek authority to take property under Section 8-509 of the Act.

Numerous entities and individuals filed petitions for leave to intervene. Among the interveners are the Village of North Utica ("Utica"), the City of Ottawa ("Ottawa"), the City of LaSalle ("LaSalle"), and LaSalle-Peru Township High School District No. 120 ("District"). The Illinois Municipal Electric Agency ("IMEA") also intervened. Property owners that intervened as individuals include Robert B. and Linda J. Dolder, Donna Wahlstrom, Patricia Leary, as Executor of the estate of Margaret Kennedy and Trustee of the Margaret Kennedy Declaration of Trust, and Brien Nagle, as Successor Trustee of the LeRoy Nagle Declaration of Trust. Commission Staff ("Staff") participated as well.

Several landowners along the various proposed routes also joined together to intervene as groups: Safety and Health of Our Community and Kids ("SHOCK"), Proponents of Tourism and Economic Development along Interstate 80 ("PROTED"),[1] and Illinois 71 Resistors ("Resistors"). SHOCK formed in May, 2006 in response to

[1] PROTED is the successor in interest to Ameren I-80 Route Opponents, which had previously intervened.

Petitioners' preliminary proposal to construct a transmission line through rural areas of Dimmick, Wallace, and Waltham Townships. The approximately 183 SHOCK members oppose constructing a transmission line through their rural property between LaSalle and Wedron. PROTED formed in response to Petitioners' proposal in its petition to construct a transmission line along Interstate 80 ("I-80") between LaSalle and Ottawa. PROTED fears that construction of a transmission line along I-80 will hamper economic development and tourism in the area. Resistors formed in response to Petitioners' proposal in its petition to construct a transmission line along State Route 71 between Ottawa and Wedron. The 40 individuals and entities composing Resistors contend that Petitioners' preferred route along State Route 71 is not the best option. Additionally, a pre-existing group of individuals in western LaSalle and eastern Bureau Counties known as Save Our Little Vermillion Environment, Inc. ("SOLVE") intervened. SOLVE is concerned with protecting and restoring the Little Vermilion River ("LVR") valley. SOLVE is also a member of PROTED.

Pursuant to due notice, several status hearings were held in this matter before a duly authorized Administrative Law Judge of the Commission at its offices in Springfield. Evidentiary hearings were held on September 25, 26, 27, and 28, 2007, October 9, 2007, and January 23, 2008. Appearances were entered by counsel on behalf of Petitioners, Staff, SHOCK, PROTED, SOLVE, Resistors, Utica, Ottawa, LaSalle, the District, and the IMEA. The record was marked "Heard and Taken" on January 23, 2008.

Petitioners offered the testimony of Martin Hipple, Supervising Engineer – Distribution System Planning in the Electric Planning Department of Ameren Services Company ("Ameren Services"),[2] Roger Nelson, the Ameren Services Real Estate Supervisor for the northern territories of Ameren's Illinois utilities, Douglas Emmons, a Career Engineer in the Transmission Line Design Group for Ameren Services, Jerry Murbarger, a Transmission Design Specialist in the Transmission Line Design Group for Ameren Services, Roger Cruse, a Senior Environmental Scientist in the Environmental, Safety, and Health Department of Ameren Services, Darrell Hughes, an employee in the Corporate Finance Department of Ameren Services, Richard Ward, a senior development consultant with Zimmer Real Estate Services of Kansas City, and Gary Weiss, the Manager of Regulatory Accounting in Ameren Services Controller's Function.

Staff submitted the testimony of Ronald Linkenback, a Senior Electrical Engineer in the Engineering Department of the Energy Division of the Commission's Bureau of Public Utilities, David Rearden, a Senior Economist in the Policy Department of the Energy Division, Rochelle Phipps, a Senior Financial Analyst in the Finance Department of the Financial Analysis Division of the Bureau of Public Utilities, and Daniel Kahle, an Accountant in the Accounting Department of the Financial Analysis Division.

[2] Ameren Services is the service company subsidiary of Ameren Corporation. Ameren Services provides various services to its affiliate Ameren operating utilities, including IP.

Frederick Blue, an educator and farmer residing in Waltham Township in LaSalle County, and Mary Small, a retired educator and President of the LaSalle County Historical Society, testified on behalf of SHOCK. Dee Bennett, the president of PROTED and a professional engineer and registered land surveyor, offered testimony on behalf of PROTED. Franklin Jasiek, a retired dental surgeon and LaSalle resident, testified on behalf of SOLVE. Resistors called Paul Mixon, an Associate Professor of Electrical Engineering with the College of Engineering at Arkansas State University, and Joseph Abel, president and owner of Joseph H. Abel & Associates, a land use planning, zoning, and economic development consulting firm, to testify. Tamara Huftel, the Ottawa City Planner, and Robert Eschbach, the Mayor of Ottawa, testified on behalf of Ottawa. Thomas Guttilla, Chairman of the Utica Planning Commission, offered testimony on behalf of Utica. The District called Karen Pedersen, an electrical consultant, Craig Carter, the District Superintendent, and Randall West, an architect with BLDD Architects, to testify. Kevin Wagner, the IMEA Director of Engineering, offered testimony on behalf of IMEA.

The Commission conducted a public forum on July 12, 2007 in Utica. Numerous persons expressed their opinions and concerns regarding the proposed lines, particularly with respect to the location of the proposed lines. A copy of the transcript taken at the public forum is available on the Commission's e-Docket system.

Petitioners, Staff, SHOCK, Resistors, Utica, LaSalle, and the District each filed an Initial Brief. Petitioners, Staff, SHOCK, Utica, and the District each filed a Reply Brief. PROTED and SOLVE filed a joint Initial Brief and joint Reply Brief. A Proposed Order was served on the parties.

II. DESCRIPTION OF PETITIONERS AND THE PROJECT

Petitioners are wholly-owned subsidiaries of Ameren Corporation. IP is a public utility within the meaning of Section 3-105 of the Act engaged in the business of supplying electric power and energy throughout its certificated service territory within Illinois. AITC is a relatively recently formed Illinois corporation that Petitioners propose will fund, construct, and operate the subject transmission lines in conjunction with IP. AITC and the transmission activities that it seeks to engage in satisfy the definition of "public utility" under Section 3-105 of the Act. On May 16, 2007, in Docket No. 06-0179, the Commission granted IP and AITC a Certificate of Public Convenience and Necessity authorizing them to construct, operate, and maintain a 345kV electric transmission line serving the Prairie State Energy Campus ("Prairie State") near Lively Grove, Illinois. The certificate granted in Docket No. 06-0179 represents the first certificate issued by the Commission to AITC.

In this proceeding, Petitioners request from the Commission a certificate pursuant to Section 8-406 of the Act authorizing Petitioners to build, operate, and maintain two 138kV electric transmission lines in LaSalle County. Petitioners also seek an order approving the construction of the transmission lines pursuant to Section 8-503 of the Act. One of the transmission lines will run from IP's existing North LaSalle

Substation in LaSalle, Illinois to the Wedron Fox River Substation to be constructed in Wedron, Illinois. This transmission line will be approximately 24 miles in length. The other transmission line will run from IP's existing Ottawa Substation in Ottawa, Illinois to the Wedron Fox River Substation. This transmission line will be approximately 9 miles in length. The new Wedron Fox River Substation will include a 138/34.5kV transformer supplying the 34.5kV network serving the Marseilles, Ottawa, and Wedron area. Petitioners propose specific routes for each transmission line in their petition. Other parties that have intervened in this proceeding have proposed alternative routes.

Petitioners assert that the proposed transmission lines and substation are necessary in order to provide adequate, reliable, and efficient service to consumers in the LaSalle/Ottawa area. Together, the facilities will assist in meeting transmission and sub-transmission system reinforcement needs in this area. More specifically, Petitioners state that these facilities are needed to improve voltages in the LaSalle area and minimize the risk of loss-of-load in the Ottawa, Marseilles, and Wedron areas during contingency conditions.

III. APPLICABLE STATUTORY AUTHORITY

Subsection (b) of Section 8-406 of the Act concerns the issuance of certificates authorizing the construction of new facilities, such as transmission lines. Subsection (b) states:

> No public utility shall begin the construction of any new plant, equipment, property or facility which is not in substitution of any existing plant, equipment, property or facility or any extension or alteration thereof or in addition thereto, unless and until it shall have obtained from the Commission a certificate that public convenience and necessity require such construction. Whenever after a hearing the Commission determines that any new construction or the transaction of any business by a public utility will promote the public convenience and is necessary thereto, it shall have the power to issue certificates of public convenience and necessity. The Commission shall determine that proposed construction will promote the public convenience and necessity only if the utility demonstrates: (1) that the proposed construction is necessary to provide adequate, reliable, and efficient service to its customers and is the least-cost means of satisfying the service needs of its customers; (2) that the utility is capable of efficiently managing and supervising the construction process and has taken sufficient action to ensure adequate and efficient construction and supervision thereof; and (3) that the utility is capable of financing the proposed construction without significant adverse financial consequences for the utility or its customers.

Section 8-503 of the Act concerns, among other things, additions to or extensions of public utility facilities. This section provides, in part, as follows:

> Whenever the Commission, after a hearing, shall find that additions, extensions, repairs or improvements to, or changes in, the existing plant, equipment, apparatus, facilities or other physical property of any public utility . . . are necessary and ought reasonably to be made or that a new structure or structures is or are necessary and should be erected, to promote the security or convenience of its employees or the public, or in any other way to secure adequate service or facilities, the Commission shall make and serve an order authorizing or directing that such additions, extensions, repairs, improvements or changes be made, or such structure or structures be erected at the location, in the manner and within the time specified in said order; . . .

IV. NEED FOR THE PROPOSED FACILITIES

As indicated above, among the criteria that must be evaluated in determining whether to grant a certificate under Section 8-406 is whether the proposed construction is necessary to provide adequate, reliable, and efficient service to customers. Petitioners' witness Hipple testifies regarding the need for the two transmission lines. Specifically, he addresses the electric service needs for the Marseilles, Ottawa, and Wedron areas and presents Petitioners' plan to meet those needs.

Mr. Hipple explains that IP views its electric system as being comprised of three functional levels for planning and operating purposes: 1) transmission (345kV and 138kV), 2) subtransmission (69kV and 34.5kV), and 3) distribution (12kV and 4kV). Although each of these systems has unique design and operating characteristics, they are all planned and designed to supply all loads during peak load conditions. He adds that the transmission system is planned to supply all load without violating loading and voltage limits during normal and contingency outage conditions. Specifically, with any one generator out of service, the system is planned to operate in the summer with all equipment loaded at or below its emergency ratings and with voltages within acceptable limits with the loss of any one transmission facility.

Mr. Hipple states further that planning for the coincident outage of a single generating unit and transmission circuit at summer peak loads is one of the significant changes in the transmission planning criteria being used to plan the IP system. Prior to the purchase of Illinois Power Company by Ameren Corporation, the Illinois Power Company system was planned to operate with the outage of any single generating unit and transmission facility at winter peak load levels but not at summer peak load levels. Planning for the coincident outage of any single generating unit and transmission facility recognizes that there is uncertainty in generation dispatch due to forced and scheduled generation outages as well as variations in regional market dispatch as dictated by the Midwest Independent Transmission System Operator Inc. ("MISO") that increase the likelihood of both a generating unit and transmission line being out of service at the same time. IP is endeavoring to meet the generator and line outage criteria on the system using a phased approach which is expected to take the next several years.

For the purposes of assessing system adequacy and determining reinforcement needs of the subtransmission and distribution systems, Mr. Hipple relates that IP normalizes the peak demands to temperatures that are not expected to be exceeded more than once every 10 years. IP's methodology for weather-normalizing historic peak loads uses a two-day weighted-mean calculation that weights the present day's mean temperature twice as heavily as the previous day's mean temperature. The "mean" temperatures are the daily averages of the high and low temperatures. IP has three weather stations (located in Peoria, Decatur, and Belleville) which provide the data to calculate the weighted-mean temperatures for its north, central, and south regions every day. Large customer substation loads, which are typically industrial type loads and less weather sensitive, are not weather normalized.

To determine whether a plan has the capacity to meet the projected demand for electricity while providing adequate voltage to customers, Mr. Hipple testifies that an engineering analysis is performed to verify that a plan can meet the projected demand for electricity within the loading capability of the facilities while providing adequate voltage to the customers. The analysis evaluates the operation of the system under normal system conditions, all components in service, and under contingency outage conditions. The electric load on each component is evaluated relative to its thermal rating to ensure there are no overloads at projected peak loads under these conditions. System voltages are also examined to ensure adequate voltage levels are maintained.

With regard to that part of IP’s system at issue here, Mr. Hipple explains that the Marseilles, Ottawa, and Wedron area is supplied through a networked 34.5kV system which provides power to lower voltage distribution substations. The 34.5kV system is primarily supplied through 138/34.5kV transformers at Marseilles, Ottawa, and North LaSalle Substations. Each of these transformers is supplied from a 138kV radial tap line off of a networked 138kV line. The Marseilles tap is supplied from Commonwealth Edison Company’s (“ComEd") 138kV Line 6102 from LaSalle County Power Station to Streator Substation. The Ottawa tap is supplied from IP’s 138kV Line 1516 from Hennepin Power Station to Oglesby Substation. The North LaSalle tap is supplied from the IP’s 138kV Line 1556 from Hennepin Power Station to Oglesby Substation.

Two generating units at Hennepin Power station are the major generation sources to the area, with some additional support provided by ComEd's LaSalle County Station. The 138kV transmission system is used to transfer the power from these generation sources to the load in the Marseilles, Ottawa, and Wedron area. The outage of any of these transformers, or their associated radial supply line, would force more power to flow over the underlying 34.5kV system which has less capability to carry power and which would result in deteriorating local area voltages. All but one distribution substation in the Marseilles, Ottawa, and Wedron area is presently fed from the 34.5kV system. There is one 12kV distribution substation, the South Ottawa Substation, which is served directly from the same 138kV radial tap line as the Ottawa Substation.

Mr. Hipple indicates that load growth in the LaSalle area has averaged roughly 1.5% per year over the last five years. There have been several recent large load additions in the Ottawa and Wedron area, however, and the area around I-80 and State Route 23 north of Ottawa has shown signs of rapid growth. Based on the recent load growth in the Ottawa area, above average growth in the area is expected, with the potential for large commercial and industrial load additions.

IP has examined metered data from its Supervisory Control and Data Acquisition system for the years 2002 through 2006. The highest 2006 loading in the LaSalle area occurred while the weighted mean temperature was 85.2 degrees, which is below the IP planning temperature of 88 degrees. The 2006 total recorded concurrent megavolt ampere ("MVA") flow at the three major 138/34.5kV bulk supply substations feeding the 34.5kV network in this area was 177.9 MVA. The weather normalized value is 183.0 MVA. This corresponds to the planning model total load for 2006 of 193.0 MVA, which was projected from 2005 load data and then normalized to the 88-degree level.

In 2004 and 2005, IP conducted a comprehensive study of the electrical supply system serving the LaSalle area. The study focused on the system serving the IP LaSalle service territory, which includes facilities delivering power to the Marseilles, Ottawa, and Wedron area. The system analysis included the subtransmission and transmission facilities in the immediate and surrounding areas. The study identified low voltage concerns and equipment overload concerns in the LaSalle area. Projects have already been completed to address some of the concerns and other projects are being pursued to address the remaining concerns.

The study results indicate one of the major problems in the area is the low power factor of the LaSalle area loads and the resulting large reactive power, or volt-ampere-reactive ("VAR"), requirement of the area. The large VAR requirement has caused the Hennepin Power Station to reach maximum VAR output and consequently made it difficult for the Hennepin Power Station to support 138kV system voltages. The recent 138kV capacitor bank additions at Oglesby and South Ottawa Substations were recommended by the study to provide reactive power support and improve power factor and voltage on the 138kV system. Another significant concern identified in the study is the potential for overload of the North LaSalle 138/34.5kV transformer during contingency conditions. The addition of a second 138/34.5kV transformer at North LaSalle Substation was recently completed to address this potential overload condition.

Even with these recently completed and scheduled system reinforcements, Mr. Hipple testifies that with continued load growth there will be low voltages and the risk of voltage collapse during contingency conditions. More specifically, during the outage of ComEd's 138kV Line 6102, which supplies Marseilles Substation, voltages in the area are depressed and near voltage collapse around the Ottawa and Oglesby Substations. These low voltage conditions are caused by the heavy loading on the 34.5kV system and the inability of the 138kV system to support the flow diverted through the Ottawa bulk supply transformer during the outage of Marseilles Substation. There is also risk of voltage collapse during the outage of Line 1516 or the Ottawa transformer. In both

instances, the loss of the radial 138kV supply results in the loss of the transformer, redistributing the flows on the 34.5kV and 138kV systems.

An additional concern, Mr. Hipple continues, is the loading on the 138/34.5kV bulk supply transformers at the Ottawa and Marseilles Substations. Both transformers are projected to be loaded near emergency capacity at summer peak load during contingency conditions. The Ottawa transformer is heavily loaded during the outage of Line 6102 or the Marseilles transformer. The Marseilles transformer is heavily loaded during the outage of 138kV Line 1516 or the Ottawa transformer.

Mr. Hipple reports that the study results projected the overload of the North LaSalle 138/34.5kV transformer and system low voltages, with the risk of voltage instability, beginning in 2006. Again, the addition of a second 138/34.5kV transformer at the North LaSalle Substation addresses this transformer overload condition. The study did not attempt to determine the year or years in which Ottawa and Marseilles bulk supply transformers overload since the recommended reinforcements needed to address more immediate voltage concerns in the area will also significantly relieve the loading concerns on the Ottawa and Marseilles transformers and more efficiently redistribute flow on the system. The Ottawa and Marseilles bulk supply transformers are not expected to experience overload conditions in the immediate future.

Despite steps taken to improve the system, Mr. Hipple asserts that additional voltage support is needed during contingency conditions. (See AmerenIP Exhibit 1.0, p15, lines 17-23, p16, lines 1-6) The fact that the Marseilles, Ottawa, and Wedron area is at the edge of the IP system also contributes to the risk of voltage collapse, according to Mr. Hipple. (See AmerenIP Exhibit 1.0, p17, lines 11-19) To support the 138kV system voltages in the area, Hennepin Power Station is generating near full VAR output at peak load conditions. As a result, there is little dynamic VAR reserve to provide voltage support at peak load during contingency conditions. Having used the available dynamic VAR capability in the area, the ability to respond to changes in system VAR requirements is diminished, increasing the risk of voltage collapse.

Specifically, for the projected 2007 load, if an outage occurs on Line 1516, which is the supply to Ottawa Substation, the Marseilles 138/34.5kV transformer loads to 114.3 MVA or 88% of its emergency rating. Mr. Hipple testifies that the post contingent flows redistribute such that the Marseilles transformer is the major source for the 34.5kV Lines 3359, 3360, and 3411 which experience increased loading so as to serve the Ottawa, Marseilles, and Wedron area. As a result of the increased loading and voltage drop across the Marseilles transformer and 34.5kV lines, the voltages in the Ottawa and Wedron areas become depressed and there is system voltage collapse.

Likewise, in 2007 for an outage of Line 6102 or the Marseilles 138/34.5kV transformer, the Ottawa 138/34.5kV transformer loads to 119.8 MVA or 98% of its emergency rating. For this condition the Ottawa transformer is the major source for the 34.5kV Lines 3359, 3360, and 3411 feeding the Ottawa, Marseilles, and Wedron area. The resultant increase in loading and associated increase in voltage drop causes

voltages at the far end of the 34.5kV system to fall below planning criteria and voltage collapse occurs.

Mr. Hipple explains that the rapid collapse of the system voltage with the additional load is due in part to the system voltage being supported by static capacitor banks which lose their effectiveness as a function of the square of the applied voltage. Although capacitor banks are needed to maximize the load carrying capability of the system and support system voltage they are not always a complete solution to voltage support. A sudden increase in VAR requirements such as might occur due to increased line loading during a system contingency can cause voltages to drop and the reactive power supplied by the capacitor banks to be reduced.

Mr. Hipple indicates that capacitor banks have been installed throughout the subtransmission and distribution systems to improve power factor and provide voltage support. Installing additional capacitor banks will not adequately address the voltage concerns in the area. While adding more capacitor banks can result in high voltages on the system, standard fixed and switched capacitor banks do not provide the dynamic VAR capability to respond to sudden changes in reactive power needs, such as immediately following a system contingency.

To ameliorate the voltage concerns in the area, Petitioners propose to construct the two transmission lines described above. The proposed 138kV lines will result in the completion of a 138kV loop around the Ottawa and Wedron area which will more efficiently distribute normal and contingent flows in the area. The addition of the Wedron Fox River Substation results in more efficient flow on the 34.5kV system. The proposed plan also addresses the voltage collapse concerns by extending the 138kV system closer to the load and adding transformer capacity, both of which reduce system impedance and improve voltage during contingency conditions. The IP 138kV transmission system will supply the new 138kV lines and Wedron Fox River Substation with power.

Mr. Hipple explains that both 138kV lines are needed to provide reliable service. If only one of these lines is constructed, single contingency events remain that will result in the outage of an existing bulk supply substation and the new bulk supply transformer at the Wedron Fox River Substation. If the LaSalle-Wedron Line is not constructed, an outage of 138kV Line 1516 will take both the Ottawa and the Wedron transformers out of service, heavily loading the Marseilles transformer, increasing the risk of reliability problems at Marseilles. If the Ottawa-Wedron Line is not constructed, the outage of 138kV Line 1556 will take the two bulk supply transformers at North LaSalle and the transformer at the Wedron Fox River Substation out of service, heavily loading the 34.5kV system and the Oglesby and LaSalle bulk supply transformers. Reliable supply to the new Wedron Fox River Substation is required to more effectively distribute flows on the 34.5kV system during normal and contingency conditions.

Mr. Hipple also reports that Ameren Services considered several alternatives to building the two proposed transmission lines. Alternatives considered include

construction of different transmission lines, converting the existing 34.5kV lines to a higher voltage, dispatching customer generation in the area, adding capacitor banks, and adding a dynamic voltage regulating device. For various reasons discussed in his direct testimony, Mr. Hipple explains why these alternatives were not considered appropriate.

Staff and several of the interveners indicate that they have reviewed Petitioners' analysis of the need for the proposed facilities. None disagree with Petitioners' conclusion that such facilities are necessary to provide adequate, reliable, and efficient service to customers in the area. Nor have any suggested that other alternatives be reconsidered. The Commission concurs with the analysis of the need for the proposed facilities and finds, in accordance with Section 8-406 of the Act, that construction of a 138kV transmission line between LaSalle and a substation in Wedron and a 138kV transmission line between Ottawa and a substation in Wedron is necessary to provide adequate, reliable, and efficient service to its customers in the area.

V. LEAST-COST AND THE PROPOSED LINE ROUTES

In addition to being necessary to satisfy area electrical needs, as noted above the Act requires that the proposed construction be the least cost means of doing so. Although the need to construct the transmission lines is not questioned, *where* to construct them has been heavily contested. Petitioners proposed specific routes in their petition in part because they are the least expensive to construct from a financial perspective. But as many interveners have argued and as Petitioners have acknowledged, other costs need to be considered as well when choosing a route for the transmission lines. The various proposed routes warrant serious consideration by the Commission. To facilitate this undertaking, the LaSalle-Wedron route and the Ottawa-Wedron route will be discussed separately.

A. LaSalle-Wedron Route

As noted earlier, the transmission line running between LaSalle and Wedron will terminate at IP's existing North LaSalle Substation on one end and the newly constructed Wedron Fox River Substation on the other end. This transmission line will be approximately 24 miles in length. Petitioners' preferred LaSalle-Wedron route, identified as the Green Route, is depicted on AmerenIP Ex. 3.1. AmerenIP Ex. 3.1A contains a legal description of the Green Route. Petitioners considered two alternate routes between LaSalle and Wedron, which are also depicted on AmerenIP Ex. 3.1. AmerenIP Exs. 3.1B and 3.1C contain a legal description of the alternate routes. AmerenIP Ex. 3.3 provides a variety of details regarding Petitioners' three routes. According to AmerenIP Ex. 3.3, the right-of-way width that Petitioners believe is necessary for the Green Route and first alternate varies from 83 to 100 feet. The right-of-way width considered necessary for the second alternate varies from 70 to 100 feet. PROTED offers three alternate routes as well, which are depicted on Schedule 1.3A attached to PROTED 80 Ex. 1.0A.

1. Petitioners Position

Petitioners recognize that selecting the route for a transmission line involves the balancing of several relevant factors. In considering three alternative routes between LaSalle and Wedron, Petitioners report that they conducted an extensive routing study and determined that the Green Route was the preferred of the three alternatives. According to Petitioners, the advantages of the Green Route, compared to Petitioners' other alternatives, are that it is the shortest route, it is the least cost route, and it impacts the fewest number of occupied structures. They note that the Green Route avoids passing directly through the town of Wedron and crosses the Fox River in parallel with an existing overhead distribution line and gas transmission pipelines. Petitioners contend that their own alternate routes have significant disadvantages. They relate that the disadvantages of the first alternate route are that it passes by three elementary schools and it will require the relocation or overbuilding of 12 miles of a 12kV distribution line. Disadvantages of the second alternate route are that it is the most expensive alternative, it affects the greatest number of occupied structures and farm buildings, and it passes directly through the town of Wedron. Petitioners add that the Green Route was developed with extensive input from local government, state and federal environmental agencies, and citizens groups. They indicate that the purpose of this public input process was to balance environmental and threatened wildlife species concerns, the future economic growth of the local community, and the design constraints and cost of the transmission line.

In conducting their routing study for this proceeding, Petitioners state that they evaluated the same factors considered in the aforementioned Docket No. 06-0179, which include proximity to residences, water crossings, agricultural land loss, effects on natural resources, and engineering constructability. They state further that each individual feature or resource (individual species habitat, historic resource, wetland, forested area, agricultural area, etc.) was considered on its own merit and what the approximate cost to avoid would be, rather than grouping all the features or resources into a common category and assigning a numeric weighting factor. Every route segment, they continue, was evaluated by a diverse project team that included engineers, real estate agents, environmental scientists, and local customer service personnel. Petitioners report that the study was an 18-month long process that commenced in June 2005 and lasted until the petition filing in November 2006.

Petitioners state that their representatives informed or met personally with many local officials and local groups including, but not necessarily limited to:

- City of LaSalle Mayor, Engineer and Public Works Director
- City of Ottawa Mayor and Engineer
- Village of North Utica
- Dimmick, Waltham, Wallace, Dayton, Rutland, LaSalle, Utica, and Ottawa Township Highway Commissioners and Township Supervisors
- LaSalle County Board Chairman and Planning Department
- LaSalle County Highway Department and Engineering

- Illinois Valley area and Ottawa area Chamber of Commerce
- LaSalle County Farm Bureau Manager
- LaSalle and Ottawa local newspapers
- Illinois State Representative and Illinois State Senator serving this area
- SHOCK
- SOLVE

Additionally, Petitioners also evaluated wetlands and other environmental impacts in establishing its line routing criteria. The purpose of this evaluation, they assert, was to minimize impacts in establishing line routes and line construction. Representatives of Petitioners have also met or will meet with the following agencies regarding the routing proposal, agency issues, potential impacts, and compliance with agency regulations:

- Illinois Department of Agriculture ("IDA")
- United States Army Corps of Engineers ("USACE")
- Illinois Department of Natural Resources ("IDNR")
- Illinois Environmental Protection Agency ("IEPA")
- Illinois Department of Transportation ("IDOT"), Division of Highways
- IDOT, Division of Aeronautics
- Illinois Nature Preserves Commission ("INPC")
- United States Fish and Wildlife Service ("USFWS")
- Federal Aviation Administration

With regard to PROTED's alternate routes between LaSalle and Wedron, Petitioners maintain that PROTED bears the burden of showing that the public convenience and necessity require construction of the proposed transmission line along one of its alternate routes instead of along Petitioners' Green Route. Petitioners contend that PROTED can not make this showing because its alternate routes have environmental, land use, and engineering concerns that remain unaddressed.

To emphasize the shortcomings of PROTED's proposals, Petitioners point out that PROTED witness Bennett acknowledges that he has no training or expertise in environmental sciences or the valuation of real estate. Mr. Bennett also acknowledges that he has never been involved in the construction or route selection of an electric transmission line. Despite his lack of training and experience, Petitioners observe that Mr. Bennett presumes that the three PROTED routes represent viable alternatives to Petitioners' Green Route. Petitioners assert that the methodology used by Mr. Bennett represents only the initial stages of what is otherwise required for an in-depth routing study for an electric transmission line. The flaws in PROTED's methodology can be seen, Petitioners observe, in the various modifications and errors related to PROTED Alternate 1 (such as the conflicts with the District's property and Flaherty Field, ambiguity as to how many angle structures would be necessary, and undercount of the number of parcels and landowners affected by Alternate 1).

By contrast, Petitioners state that they started with aerial stereo photography of the entire project area so that areas of new development can be seen and

environmental analysis of the potential routes could be performed. Petitioners relate that they then determined the various route segments that could be used to connect the termination points and obtained helicopter-based laser survey data and fly-over videos for these segments. Field data and a list of potential environmental impacts in the project area were compiled as well. Petitioners indicate that they then gathered a routing team of engineers, real estate agents, environmental scientists, and local district personnel with extensive knowledge of the project area to review all of this routing data, photography, videos, and environmental data for several meetings and field trips. They report that the findings of this routing team combined with comments from the public workshops, meetings with government officials, and citizens groups provided the basis for the routing study that produced the primary route and two alternatives for this project. Petitioners thus conclude that their routing study and analysis were far more in-depth and complete than Mr. Bennett's. Petitioners add that they also evaluated a large number of segments in the project area that are located on or near the PROTED alternatives during the process of selecting a primary route and two alternative routes. Although they did not consider the PROTED routes in their entirety, Petitioners state that their review of these segments and failure to include them in their proposed routes indicate there are numerous concerns with PROTED's proposals.

Petitioners note that the parties to this proceeding have generally referred to 12 criteria for route evaluation:

1. Length of the line
2. Difficulty and cost of construction
3. Difficulty and cost of operation and maintenance
4. Environmental impacts
5. Impacts on historical resources
6. Social and land use impacts
7. Number of affected landowners and other stakeholders
8. Proximity to homes and other structures
9. Proximity to existing and planned development
10. Community acceptance
11. Visual impact
12. Presence of existing corridors

Although Petitioners do not believe that these 12 criteria represent the universe of applicable criteria and that line routing can not be reduced to weighting factors and the application of an arithmetic formula, Petitioners contend that a comparison of its Green Route from LaSalle to Wedron for these 12 criteria shows that the Green route is the preferred route for 7 criteria, and that no other route is superior for 4 of the remaining criteria.

a. Length of the Line

With regard to line length, Petitioners point out that its Green Route between LaSalle and Wedron is slightly shorter than PROTED's Alternate 1. They state that the

Green Route is comparable in length to PROTED's Alternates 2 and 3. Petitioners therefore conclude that there is no route superior to the Green Route in terms of length.

b. Difficulty and Cost of Construction

In response to PROTED's assertion that the terrain along the six alternative routes between LaSalle and Wedron is relatively the same and therefore the difficulty of construction should be about the same among the routes, Petitioners argue that construction of the PROTED alternates will in fact be more difficult. Terrain, Petitioners aver, is only one factor that determines the overall difficulty of construction. Other factors that Petitioners indicate must be considered are environmental constraints, permit mitigation measures, and construction access and proximity to roadways. As an example of such other construction concerns, Petitioners observe that PROTED Alternate 1 occupies 14.3 acres of wetlands and requires clearing 16.8 acres of potentially suitable Indiana bat habitat.[3] Petitioners contend that construction in these sensitive areas will require mitigation measures that make construction more difficult than the proposed Green Route. In addition, although PROTED Alternate 1 follows property lines for a considerable portion of the route, Petitioners observe that there are shifts in the property lines located at some section boundaries. They state that these shifts would introduce a pair of expensive angle structures at each shift to keep the transmission line running parallel to the property lines. Petitioners do not believe that Mr. Bennett has factored the need for these structures into his cost analysis.

Petitioners further note that PROTED Alternate 1 crosses the LVR in more difficult terrain than the Green Route. As a part of its routing study, Petitioners state that they acquired aerial photography of the project area, which included digital terrain model information. While there are some areas of significant terrain change in the area of their Green Route, Petitioners observe that the location along the Green Route where the proposed line is to cross the LVR has an elevation change of only about 40 feet (on its East bank, within 500 feet of the river crossing). They add that the maximum elevation change crossed by the Green Route line is 72 feet (572 feet vs. 500 feet) and that is 700 feet away from the river crossing, and is separated by a retention pond. In contrast, Petitioners note that PROTED Alternate 1 crosses the LVR with an elevation change of 70 feet (653 feet vs. 583 feet maximum change within 1,200 feet). PROTED Alternate 1 rises about 55 feet on its East bank, within 500 feet of the river crossing. Petitioners conclude that PROTED's assertions that Alternate 1 is superior to the Green Route with respect to the LVR topography are therefore without merit.

Petitioners also understand PROTED to argue that its alternatives will not require the construction and maintenance of access roads. Petitioners surmise that Mr.

[3] The Indiana bat is a migratory bat species that hibernates in colonies in caves and abandoned mines during the winter. In the spring, females migrate and form maternity colonies where they bear and raise their young in certain wooded areas. Males and non-reproductive females, though, do not roost in colonies and may stay close to the site where they hibernate during the winter or migrate to summer habitat. Summer roosts are typically behind exfoliating bark of large, often dead trees. Both males and females return to their hibernacula in late summer or early fall to mate and enter hibernation. Indiana bats mainly eat insects and are listed on both the federal and Illinois endangered species list.

Bennett made this statement based on his claim that nearly all, if not all, of a transmission line following PROTED Alternate 1 can be seen from roadways that are built on a one-mile grid. Petitioners counter that it is faulty to assume that if you can see a location, then you can get heavy equipment needed to construct and maintain transmission lines to it.

PROTED and SOLVE also express concerns about construction near the Illinois Cement Company quarry. Petitioners acknowledge that constructing the transmission line through the quarry will require special construction techniques in order to stabilize the soils and the poles within the reclaimed quarry, which will be more costly than installation of poles within most other areas of the project. PROTED's alternates, however, do not avoid other construction difficulties and costs, according to Petitioners. For example, with regard to PROTED's proposed LVR crossing locations, Petitioners point out that these forested areas contain topographic relief of 100 feet or more in parts. The LVR valley in these areas contains very unique geologic features. Petitioners maintain that all of these naturally occurring geologic features impose additional construction challenges and costs.

Petitioners also disagree with the claim by PROTED and SOLVE that the entire 100-foot width of the right-of-way will need to be stabilized in order to construct and maintain the Green Route in the area of the quarry. They argue in response that according to the Ameren Civil and Structural Design Group, a 20-foot wide access lane is all that is required for construction and maintenance in an area such as the Illinois Cement Company quarry. The pole stabilization concern, Petitioners report, can be addressed by excavating down to solid soil only in the areas of the structure locations and installing a sufficiently deep concrete pier foundation to stabilize the steel transmission structure.

Nor are Petitioners concerned about slumping due to shale and uncompactable soils near the Illinois Cement Company quarry. They have addressed these concerns, pointing out that there are natural corrections to stability that occurred in this area and that resolution measures were applied. With regard to crossing the southern end of the lake/retention pond, Petitioners state that their transmission lines routinely span bodies of water that are much larger than this one. They add that the mid-span conductors that would be located over water require little, if no, routine maintenance and regular inspections are typically done by helicopter.

Another area of concern to address under the category of "difficulty and cost of construction" is the District's concerns. Although the District supports Petitioners' Green Route, which directs the line away from the District's planned sports complex, Petitioners feel the need to respond to the District's proposed modification to PROTED Alternate 1 in the event that the Commission selects that alternate route. The District proposes a modification to PROTED Alternate 1 because if left unmodified it would pass directly through the sports complex planned for the District's parcel adjacent to the North LaSalle Substation. If adopted, Petitioners state that the District's modifications to Alternate 1 create engineering concerns. Specifically, Petitioners state that the route

shown in District No. 120 Ex. 1.1 would require that approximately 700 feet of existing 138kV Line 1556A be rebuilt as double-circuit structures until the proposed route left the existing centerline. Although this would not have a great cost impact on the project (probably less than $100,000), Petitioners contend that it would create significant operating difficulties for the IP system in the LaSalle area. The construction of the double-circuit line portion, they continue, would also require an extended outage on the only 138kV source into the North LaSalle Substation and also would require an outage on the Air Products Substation located north of Raccuglia Drive that is also radially fed from Line 1556A. Petitioners acknowledge that the new 138kV line could be constructed on a separate set of poles parallel to the existing 138kV line supplying the North LaSalle Substation. Doing so would mitigate the risk of an automobile accident interrupting service on two transmission lines on the same pole. Separate sets of poles, however, do not, according to Petitioners, address broader system reliability concerns, which the LaSalle-Wedron line is designed to do by being a separate route out of the North LaSalle Substation.

In terms of actual construction costs, Petitioners deny that PROTED's Alternate 1 is any less expensive to construct than their Green Route. Even though PROTED's cost estimates are based on Petitioners' cost estimates for their proposed routes, Petitioners assert that work and materials specific to Alternate 1 are not reflected in PROTED's estimate. Petitioners essentially argue that each route is unique and that costs for certain special structures, access, vegetation clearance, etc. have not been considered by PROTED.

Petitioners also deny that they have underestimated the cost of land and right-of-way acquisition for the Green Route. Petitioners acknowledge that land values have changed since their initial estimate of property acquisition costs. Petitioners state that they have adjusted the costs of land and right-of-way acquisitions to account for recent sales and potential development. They explain that the costs of land and right-of-way acquisitions shown in the cost estimates matrices for each primary and alternate routes were budgetary estimates made on the basis of information available at the time Petitioners' petition and direct testimony were filed (November 1, 2006). As budgetary estimates, Petitioners continue, they are not intended to be the summation of appraisals of individual parcels. Petitioners initially valued much of the property along I-80 as agriculture, which most of it is still zoned as. Petitioners recognize that since the summer of 2006, some development along I-80 (particularly near the intersection of I-39 and I-80 and the intersection of I-80 and State Route 178) and an area north and west of Ottawa has resulted in a change in likely property classification (typically from agricultural to commercial or industrial) and a resulting increase in land values. Petitioners state that they therefore undertook a review of existing property values and are updating their estimates for the "Cost of Land and Right-of-Way" component of the cost of each proposed primary and alternate route to reflect recent increases in property values. They estimate that the "Cost of Land and Right-of-Way" for the preferred LaSalle-Wedron route has increased by approximately $600,000. Petitioners maintain, however, that this does not represent a substantial change to the project cost. Petitioners relay that a $600,000 increase for the LaSalle-Wedron route represents only

a 30% increase in the cost of land and right-of-way for that route, and thus only a 3% increase in the overall route cost (and only a 2% increase in the entire project cost). Petitioners state further that the fact that the Green Route may no longer be the least-cost route does not affect its status as Petitioners' preferred route. Petitioners believe that the advantages of the primary route still make it a superior choice over the other alternate routes. In response to PROTED's assertion that the cost of condemnation proceedings should be included in the cost of land and right-of-way acquisitions, Petitioners state that the same is true for PROTED's cost estimates. Doing so for any route, Petitioners note, however, would be difficult due to the speculation that would be involved.

Even if PROTED's Alternate 1 costs less than the Green Route, Petitioners remind the Commission that dollars alone are not the determinant in what is considered least cost. Petitioners point out that the Commission noted in Docket No. 06-0179, for routing purposes the consideration of least cost is not made in isolation, but involves a comprehensive deliberation and balancing of the overall costs and benefits of the respective proposals. They argue that PROTED's citation to Citizens United for Responsible Energy Development ("CURED") v. Illinois Commerce Commission, 285 Ill. App. 3d 82, 93, 673 N.E.2d 1159 (5th Dist. 1996) ("CURED"), does not change the conclusion that route selection can not be based solely on which route is least cost.

c. Difficulty and Cost of Operation and Maintenance

Another factor to consider in siting a transmission line is the anticipated cost and difficulty of operating and maintaining the line once it is constructed. PROTED asserts that the cost of maintenance of any of its alternatives would be roughly the same as for Petitioners' Green Route. Petitioners disagree and argue that routes traveling “cross country” are generally more expensive to maintain and repair than those constructed alongside a road or within an existing corridor. Cross country routes, Petitioners continue, often require the construction and maintenance of access roads along the right-of-way that may become impassible during inclement weather. They add that most emergency maintenance will need to be performed during adverse weather conditions that include heavy thunderstorms, snow, and ice. Petitioners explain further that access roads will need to be built and maintained so that heavy equipment such as transmission bucket trucks, cranes, and foundation drills can reach the structure locations without becoming disabled in mud or snow or causing excess damage to fields, drainage tiles, ditches, or environmentally sensitive areas such as wetlands. Having lines not visible from roadways can also lead to longer power outages in the area and higher repair costs, Petitioners note, since it will take longer to identify the location of downed lines and to reach the lines with repair equipment and materials.

Petitioners assert that their Green Route eliminates many of the concerns about maintenance of cross country lines. They contend that about 25% of the Green Route will parallel existing frontage roads, and maintenance will be performed from these roads. Elsewhere, along the I-80 segment of the route, Petitioners state that access rights for maintenance will be incorporated in the easements, just as along PROTED

Alternates 1 and 2. Petitioners therefore reason that PROTED Alternates 1 and 2 do not offer any advantage over their Green Route in this respect.

With respect to PROTED Alternate 3, Petitioners do not disagree that a substantial portion of the transmission line could be maintained from the adjacent roadway. Petitioners also acknowledge that lines located along road rights-of-way are generally less expensive to construct, maintain, and repair. They counter, however, that other factors can increase operation and maintenance costs. Petitioners point out that most of PROTED Alternate 3 running along roadways would be overbuilt on 12kV lines. Petitioners contend that overbuilding of distribution facilities not only makes initial construction more costly but also makes maintenance activities cumbersome and less efficient and introduces a higher potential for accidental electrical contacts by line personnel.

d. Environmental Impacts

With regard to environmental impacts, Petitioners maintain that no party has proposed a route that is environmentally superior to Petitioners' Green Route. With respect to the LVR crossings, while the crossing locations of both PROTED Alternate 1 (adjacent to Maze Woods Land and Water Reserve ("Maze Woods")) and Petitioners' Green Route (through the former Illinois Cement Company quarry) are unlikely to have significant environmental implications, Petitioners point out that their Green Route still crosses the LVR in a much more degraded portion of the river, with less intact forested riparian corridor. While the potential for habitat restoration in the former quarry exists, Petitioners argue that it simply does not make sense to argue that a former quarry contains greater environmental value because of the potential for habitat creation, when compared to an area adjacent to a dedicated nature reserve. Petitioners contend that SOLVE witness Jasiek's own testimony seems to be contradictory in this regard as he asserts that the area where PROTED Alternate 1 crosses over the LVR is degraded, which, if that were the case, would also provide for ample opportunity for habitat restoration, enhancement, and creation. Petitioners note further that their Green Route traverses southeast through the quarry in order to avoid a high quality, steeply wooded portion of the LVR to the south as well as the Matthiessen & Hegeler Zinc Co. ("M&H Zinc") Superfund site. Petitioners suggest that the close proximity of another Superfund site, the defunct LaSalle Electric Utilities Company ("EUC") property, also supports the notion that the Green Route is in the more degraded area.

PROTED also expresses concern about runoff from the two Superfund sites. Petitioners respond that there is no basis, other than Dr. Jasiek's assertions, however, to conclude that construction of a transmission line in the area of these Superfund sites (the Green Route does not actually cross the property of either site) would cause runoff impacts. Petitioners state that they have consulted with USEPA and IEPA about these sites and neither agency has expressed a concern. Petitioners indicate that they will work with both the IEPA and USEPA regarding these sites to avoid disturbance of any identified contamination. Moreover, Petitioners commit to practicing due diligence in its construction methods in this area by conducting analytical testing in the vicinity of these

two sites. Petitioners state that this testing will characterize the soils to determine whether the need exists for conducting remediation of any contamination, and it will ascertain if any protective measures related to employee safety need to be taken. No witness, Petitioners continue, has suggested that such measures are insufficient or inappropriate. In addition, Petitioners state that they will take steps to minimize construction storm water runoff entering any stream or body of water in accordance with approved IEPA standards. Petitioners therefore believe that they have addressed any concern with runoff from the Superfund sites.

Petitioners state further that the Green Route from the North LaSalle Substation to I-80 is sited specifically to avoid the deepest portions of the LVR valley and environmentally sensitive areas. In particular, they continue, the Green Route from LaSalle to I-80 was selected because it was determined that no known Indiana bat habitat will be impacted by this route. They note that PROTED even cites the minutes of Petitioners' meetings with IDNR and USFWS that conclude no Indiana bats have been recorded in the relevant portion of the LVR area and that the transmission line project, regardless of which route is selected, will not impact Indiana bats or their habitat. With regard to potential bat habitat, PROTED argues that the Green Route impacts more potential bat habitat than PROTED's Alternate 1. In so arguing, PROTED relies on the Illinois Gap Analysis Project ("GAP") map provided as AmerenIP Exhibit 11.10. PROTED argues that the GAP map shows the Green Route crossing some areas of potential bat habitat prior to the LVR crossing. Petitioners point out, however, that what the GAP map also shows is that the PROTED alternates, including Alternate 1, impact as much (if not more) potential Indiana bat habitat. Thus, Petitioners aver, the GAP map establishes no basis to conclude that PROTED Alternate 1 is superior to the Green Route from a potential bat habitat standpoint.

Petitioners contend that PROTED's Alternate 1 is not free from environmental concerns either, and suggests that it may have environmental impacts along its eastern portion in areas like the crossing of Buck Creek. Petitioners go on to note that PROTED argues that crossing Buck Creek is not significant because Petitioners acknowledge that the actual impact of construction on wetlands near Buck Creek can be mitigated. This argument by PROTED is self-defeating, according to Petitioners. To the extent that they can mitigate wetlands impacts (or any other environmental impacts) on PROTED Alternate 1, Petitioners assert that they could mitigate those impacts on the Green Route, or any other route (and no witness has asserted that Petitioners could not mitigate environmental impacts on its routes). As an example, Petitioners state they have committed to mitigating impacts on Indiana bat habitat through construction timing and erosion control measures. Thus, Petitioners conclude that the argument that they can mitigate impacts on PROTED Alternate 1 does not make Alternate 1 a superior route. Petitioners add that their 2005 aerial photography and field visits (where access was permitted) indicate that PROTED's alternate routes would result in significant environmental impacts during the construction of an electric transmission line.

Petitioners also understand that SOLVE is concerned that the Green Route will impact a “nature preserve” near the Vermilionvue Subdivision in LaSalle. Petitioners

respond that the Outlot 1 retention pond area of concern to SOLVE is not an officially designated nature preserve, and is at best open space. Petitioners further understand that SOLVE is concerned that the screen of trees that the Vermilionvue Subdivision considers part of its "nature preserve" would be partially destroyed to create the 100-foot right-of-way for the 138kV line. Petitioners assert that none of the trees that would be removed during the construction of the Green Route will be located on Outlot 1 of the Vermilionvue Subdivision and that there will be a screen of trees remaining between the transmission line and the Vermilionvue Subdivision after the construction. Petitioners thus consider SOLVE's concerns baseless. Petitioners observe as well that Dr. Jasiek, his relatives, and other SOLVE members have property interests in the Vermilionvue Subdivision. Petitioners point out that Dr. Jasiek is even one of the developers of the subdivision. Petitioners speculate that at least one of SOLVE's concerns in this proceeding relates to protecting proprietary interests in Vermilionvue Subdivision, as opposed to being strictly concerned about the environmental health of the LVR.

e. Impacts on Historical Resources

Petitioners assert that no party has proposed a route that is superior to their Green Route with respect to potential impacts on historical resources. They report that the Illinois Historic Preservation Agency ("IHPA") has approved their Green Route between LaSalle and Wedron with respect to historic and cultural resources. Petitioners also acknowledge that the IHPA has completed a cultural resources review for the three PROTED alternates and determined that these routes will not impact historic properties or cultural resources either.

f. Social and Land use Impacts

Petitioners observe that PROTED, SOLVE, and Utica share many of the same concerns regarding impacts of the Green Route on land use and development in the project area. Petitioners maintain, however, that these concerns are unjustified. They further contend that PROTED's alternatives pose more problematic land use issues than does their Green Route.

PROTED is comprised primarily of the owners of property located along the south side of I-80, between I-39 and the point the transmission line crosses to the north side of I-80 to the west of Ottawa. Petitioners understand PROTED's primary concern to be that the proposed power line will in some way limit the future utility of their property when an opportunity may arise to develop their property, or sell it for development by others, for future residential, industrial, or commercial purposes. Utica has similar concerns regarding development and aesthetics in and near its corporate boundaries. Although suburban development is projected to come to the area, and notwithstanding some recent property transactions that reflect rising property values, Petitioners contend that the presence of the transmission line along I-80 will have little or no influence on the type or value of investment that occurs along the I-80 frontage. According to Petitioners, transmission lines do not have a significant adverse effect on tourism and economic development. To begin with, they continue, sufficient and well

distributed access to electric power is a primary and fundamental prerequisite to economic development and tourism. Petitioners state that this is a problem for LaSalle County today in that there are insufficient electric power resources to enable the growth and development that is occurring and anticipated. Petitioners add that IP has 138kV transmission lines such as the proposed line passing through communities throughout its service territory, and insist that the transmission lines do not generally prevent community growth. They note that commercial and residential developments have routinely been located next to existing transmission line corridors.

Moreover, Petitioners aver that PROTED witness Bennett ignores the impact that the PROTED proposed routes would have on agricultural land. Petitioners are concerned with PROTED's extensive use of cross-country construction traversing agricultural land, which would be inconsistent with IP's Agricultural Impact Mitigation Agreement with the IDA. IP entered into this agreement pursuant to the Farmland Preservation Act, 505 ILCS 75/1, and the Commission's Agricultural Land Preservation Policy. The effect of this agreement is to minimize the loss of agricultural production land and to mitigate the effect on agricultural uses when avoidance is not feasible. Petitioners observe that family farms and farmland would be impacted negatively by the construction and location of the transmission lines and equipment along any of the three PROTED routes. They note that PROTED's Alternate 2 in particular would place much of the line in the middle of farmed property rather than along a road, and would interfere in even a greater manner with agricultural production on prime farmland.

SOLVE is a group whose limited focus is on the protection of the LVR and adjacent properties (some of which may be developed in the future). As discussed above, however, Petitioners argue that they chose a route that minimized impacts on the LVR and adjacent forest and wetlands. Petitioners go on to state that the Green Route will not impact any potential recreational use of the reclaimed quarry where the line crosses the LVR. They note that the reclaimed quarry is obviously highly disturbed already due to the mining activities. In contrast, Petitioners state that the LVR area along PROTED's Alternative 1 is adjacent to the dedicated Maze Woods reserve.

Petitioners also contend that the Green Route is not inconsistent with the comprehensive plans covering the area. Among the Goals and Objectives of the 2002 North Utica Comprehensive Plan is the goal to provide public utility systems necessary to maintain the health, safety, and welfare of Utica's population and to guide future development. Petitioners also observe that the Utica plan establishes a policy of encouraging the provision of new and existing utility lines underground "wherever possible." With regard to the 1969 Comprehensive Plan for LaSalle, Petitioners point out that the Community Appearance section indicates that in residential neighborhoods and the central business district, overhead wires should be placed underground. Petitioners also acknowledge that the plan generally concludes that wherever poles and wires are placed, they detract from appearance, but indicates that locating them in alleys or along easements on the rear of lots will at least hide poles and wires from view. Petitioners state that LaSalle County's 1999 Comprehensive Plan does not make any mention or indirect reference to the location of electric transmission or distribution

facilities. By discussing underground installations in terms of residential and central business districts, Petitioners seem to suggest that the plans recognize that it is impractical and uneconomical to bury great lengths of 138kV line in a rural or even a suburban setting. Therefore, Petitioners do not consider Utica's and LaSalle's comprehensive plans a basis for rejecting the Green Route.

Petitioners observe further that all of the above referenced comprehensive plans discourage inefficient urban/suburban “sprawl” and “strip commercial” development. According to Petitioners, compact growth at the perimeter of existing developed areas is encouraged rather than leapfrog or linear growth along transportation corridors. They therefore question whether there will be the type of development along much of I-80 that PROTED is concerned about.

Petitioners note as well that PROTED raises concerns about corrosion of an existing gas pipeline in the vicinity of the Green Route as an impact on existing land uses. Petitioners aver that the potential effect of alternating current on a pipeline can be mitigated in a relatively straightforward manner by designing an electrical shield consisting of zinc or magnesium ribbon to be installed parallel with the pipeline. Zinc or magnesium ground rods, Petitioners continue, placed at the points of entry and exit of the common corridor will help keep the induced alternating current voltage to a minimum.

g. Number of Affected Landowners and other Stakeholders and Proximity to Homes and other Structures

Petitioners assert that their Green Route compares favorably to PROTED's alternates. The Green Route and PROTED Alternate 1, they report, are essentially the same in terms of number of landowners and parcels impacted. PROTED Alternates 2 and 3 (particularly Alternate 2), Petitioners continue, impact significantly larger numbers of landowners and parcels compared to the Green Route. They also observe that the impact of PROTED Alternate 1 and the Green Route on occupied structures is about the same. With regard to the LaSalle area, Petitioners state that they routed the transmission line through the former Illinois Cement Company quarry in order to avoid existing residences and a new subdivision.

Petitioners understand that PROTED counts fewer landowners and parcels impacted by Alternate 1. Specifically, PROTED calculates that Alternate 1 affects 57 landowners and 62 parcels. The correct numbers of landowners and parcels impacted by Alternate 1, according to Petitioners witness Nelson, are 80 and 123, respectively. In comparison, Petitioners state that the Green Route affects 83 landowners and 128 parcels. Petitioners contend that PROTED witness Bennett does not dispute these figures in his rebuttal testimony.

Petitioners also calculated the number of “occupied houses” within 200 feet of the centerline for the Green Route and each of the PROTED alternates. They determined that the Green Route (15 occupied houses) and Alternate 1 (13 occupied

houses) are comparable in impact. PROTED Alternate 2 (29 houses) and Alternate 3 (41 houses), however, have much higher impacts. Petitioners understand that PROTED now believes that there are additional residences within 200 feet of the Green Route. With respect to the Trails of Terra Cotta and Shadow Ridge subdivisions near Ottawa, however, Petitioners contend that PROTED offers no evidence that any specific residences are within 200 feet of the Green Route. With regard to the LVR crossing, Petitioners assert that SOLVE witness Jasiek could only specifically identify one additional residence within 200 feet of the Green Route. To the extent that PROTED believes that future development may bring more houses within 200 feet of the Green Route, Petitioners argue that there is no evidence regarding the likelihood that such developments will proceed (especially given the current housing market). PROTED's logic could also be applied, Petitioners continue, to argue that additional new homes might be built along any of PROTED's alternate routes. Petitioners therefore maintain that PROTED has not shown that its Alternate 1 is superior in terms of impacts on residences, or that Alternate 1 alleviates SHOCK's concerns over avoiding schools, houses, and disruption of the family farming communities located in the area of the PROTED alternates.

h. Proximity to Existing and Planned Development

In terms of proximity to existing and planned development, Petitioners recognize that the Green Route runs through an area which PROTED and Utica expect to be developed. Even so, Petitioners assert that the Green Route will not have an impact on planned or anticipated development along I-80. They maintain that their Green Route will be the least disruptive route and will result in the line being closer to at least some of the commercial and industrial development that is helping drive the need for additional electric power facilities such as this 138kV line. By contrast, they argue that PROTED's alternates would have a significant impact on existing farmland uses.

Also with respect to existing development, PROTED acknowledges that its Alternate 1 passes adjacent to a restricted landing area ("RLA") at a small airfield known as Flaherty Field, north of LaSalle. To address this concern, PROTED proposes to modify Alternate 1 to avoid this existing use as set forth in PROTED 80 Exs. 3.0, 3.1, 3.2, and 3.3. Petitioners cite this change in the path of Alternate 1 as an example of PROTED's lack of in depth investigation of its routes. Petitioners also have a number of concerns with the modified route:

- The proposed modifications to Alternate 1 add two additional angle points which will increase the cost of Alternate 1;
- The proposed modifications to Alternate 1 may require overbuilding which would also increase the cost of Alternate 1;
- The proposed modifications to Alternate 1 will require the construction of 138kV facilities in close proximity to several structures on the west side of East 3rd Road, including two residences, to avoid the Maze Woods property on the east side of the road; and

- The close proximity of the structures to the roadway and subsequently to the transmission line will require the span lengths to be shortened to maintain proper horizontal clearance to these structures, which will necessitate additional tangent structures in this area. These additional tangent structures will increase the cost of Alternate 1.

Petitioners state that the proposed modifications to Alternate 1 do not change their position that the Green Route is the preferred route as compared to PROTED's alternates.

i. Community Acceptance

For the LaSalle-Wedron line, Petitioners state that there can be no argument that the community uniformly accepts or opposes any one route. Any proposed route, they aver, may be controversial to the landowners located along the route. Petitioners point out that even PROTED witness Bennett acknowledges that some members of the community accept the Green Route and some members of the community oppose PROTED's alternates. Petitioners state further that moving a route from one location to another based solely on it being controversial to the property owners along the route is not a valid criterion for relocation since the property owners along the relocated route may consider the new route controversial. Petitioners assert that this can be seen from the testimony of various intervenors in this proceeding, who variously oppose Petitioners' primary or alternate routes depending on their level of purported impact on the intervenor. For example, SHOCK witness Blue opposes Petitioners' alternate routes, but supports the Green Route. In contrast, Ms. Jasiek, testifying for SOLVE, opposes the Green Route but has no objection to Petitioners' alternate routes. As a result, Petitioners contend that there is no basis to conclude that "community acceptance" makes any route superior to the Green Route. As a result, they argue that the Commission must balance the relevant factors, which they believe leads to selection of the Green Route.

Petitioners also recognize that PROTED, SHOCK, and the District express concerns about electromagnetic ("EM") fields. Petitioners assert that the intervenors' EM field concerns, however, are limited to vague assertions based on World Health Organization fact sheets or a selected few research papers. In contrast, Petitioners argue that scientific research demonstrates that there is no sufficient, reliable evidence to conclude that long-term exposure to electric and magnetic fields at levels found in communities or occupational environments are adverse to human health or cause any disease. Petitioners state further that there is no confirmed mechanism that would provide a firm basis to predict any biological effect at the low EM field levels evident in our daily activities. Nevertheless, Petitioners explain that they take a cautionary position in dealing with the siting of its transmission lines by avoiding, wherever possible, occupied structures along the proposed route. Petitioners note that various intervenors offered similar vague assertions regarding EM fields in Docket No. 06-0179. In that docket, the Commission determined that the intervenors had failed to persuade it

that EM fields pose a health hazard. Petitioners urge the Commission to come to the same conclusion here.

j. Visual Impact

Petitioners observe that no party has claimed that any of the proposed transmission line routes will not have a visual impact. Petitioners argue, however, that using the existing I-80 corridor for the Green Route will serve to mitigate visual impacts (as opposed to running the route through farm fields) and the presence of transmission lines will become less noticeable with the expected development over time. Petitioners add that in order to further mitigate the visual impact along their Green Route, they have chosen a more expensive line configuration of self-supporting, single-shaft steel poles instead of the guyed, wood-pole H-frame structures that have been historically constructed in the area.

k. Presence of Existing Corridors

With regard to the presence of existing corridors, Petitioners assert that it is commonplace for electric transmission lines to occupy rights-of-way abutting highways throughout the country in all variety of circumstances (from rural to suburban to urban and from two lane roads to interstate highways) and abutting farmland, residential properties of all values and densities, industrial parks and properties, offices and office parks, and retail commercial shopping centers and strips. In response to PROTED's argument against placing the transmission lines on or near existing roadways, Petitioners counter that from a planning perspective it makes sense to route transmission lines along roads. They point out that properties fronting existing roads, and particularly busy highways like I-80, are already impacted by the noise, vibration, odor, and visual impacts associated with the highway. Good land use and site planning practice, they maintain, would orient residential development away from the highway frontage, reinforced with linear green space and landscaping of common ground buffering along this edge. Petitioners state further that the presence of an electric transmission line within a right-of-way parallel to the roadway would increase the separation of residences from the roadway and enhance the effects of buffering. At the same time, they add, commercial developments should be concentrated at major intersections or interchanges rather that spread out in a linear fashion as strip commercial development.

Petitioners also disagree with SOLVE that the Green Route ignores existing corridors going north and northwest from the North LaSalle Substation through an industrial park. Petitioners state that they evaluated five route segment alternatives between the North LaSalle Substation and I-39, in addition to the segment that was chosen to become a part of the preferred route. Petitioners state that the route that SOLVE refers to was rejected for a variety of environmental concerns, access problems, and for cost (it was longest route segment).

2. PROTED (and SOLVE) Position

PROTED places its opposition to Petitioners' Green Route in context by first discussing its understanding of how Petitioners developed the Green Route. PROTED states that in late 2005, Petitioners developed three alternate routes between LaSalle and Wedron that all exited LaSalle to the northwest, crossed to the north side of I-80, and differed mostly in regard to how they headed east toward Wedron. Petitioners used the three routes, PROTED continues, to initiate discussions with state agencies and Staff. In March of 2006, Petitioners hosted two public meetings for landowners along the three routes that it had developed. Because none of the three original routes affected landowners from northeast LaSalle or from south of I-80, PROTED notes that no landowners from these areas attended Petitioners' meetings. At the meetings, PROTED relays that Petitioners learned that a large number of residents opposed the then-preferred route because it ran within 200 feet of three schools. Rather than rely on one of the two alternate routes that it had already developed, PROTED states that Petitioners developed a new route (the Green Route) exiting LaSalle to the southeast, crossing I-39, and traveling along the south side of I-80 until Ottawa, where it then turns north toward Wedron. PROTED claims that the first public disclosure of Petitioners' new preferred route was in Petitioners' November 2006 petition initiating this proceeding. Prior to Petitioners' initiation of this docket, SOLVE complains of having little meaningful involvement in the routing process.

In response to concerns over Petitioners' newly announced Green Route, the group that ultimately became PROTED formed. Rather than simply oppose the Green Route, PROTED states that it investigated potential alternate routes, based not on its immediate preferences, but on an evaluation of the study area. Specifically, PROTED obtained aerial photographs of the study area from the U.S. Geological Survey in order to look at potential routes for getting from LaSalle to Wedron. Based on a review of the photographs and his personal knowledge of the geography and land uses in this area, PROTED witness Bennett developed potential routes, taking into consideration length, turns, property lines (using the 2005 LaSalle County plat book), roads, homes, river crossing locations, existing corridors, future land use potential, and known objections. After developing approximately five different routes, PROTED relates that Mr. Bennett then went to the field, traveled each of the routes, and observed and evaluated the benefits and shortfalls of all five routes. From this field study, Mr. Bennett identified the three best routes and ranked them. PROTED states that Petitioners admit that all of PROTED’s routes could potentially be constructed.

All three PROTED routes differ from Petitioners' Green Route insofar as they (as well as Petitioners' two alternate routes) run almost entirely through rural areas with little population density or development. PROTED Alternate 1 leaves LaSalle in a north by northwesterly direction utilizing an abandoned Illinois Central ("IC") railroad bed for approximately five miles (the same way Petitioners' first alternate does for four miles). Subject to three turns to avoid Flaherty Field, PROTED Alternate 1 turns east, runs north of Maze Woods and continues for approximately 18.5 miles, then turns north and runs approximately one half mile to the Wedron substation.

Using the same 12 factors that Petitioners considered in evaluating the various routes, PROTED comes to a different conclusion on which route is the best. Generally, PROTED argues that the first shortfall in Petitioners' *process* for identifying their preferred route was ignoring the impact that its original primary route would have on schools and other occupied structures. PROTED states further that Petitioners then compounded that shortfall by simply moving the route away from the area of controversy without giving those impacted by the new route the same level of input or without basing its action on a reasoned or articulated analysis of the relative impacts. PROTED contends that the major shortfalls in the *substance* of Petitioners' Green Route are the adverse effect that this route will have on the LVR valley and the surrounding areas in LaSalle and the negative impact on tourism and economic development of the areas in and around the cities of LaSalle, Utica, and Ottawa. How such concerns can be rectified or mitigated can be demonstrated, PROTED argues, by a comparative analysis of Petitioners' Green Route and PROTED's Alternate 1 (or either of PROTED's other alternates) under Petitioners' own 12 criteria.

In response to Petitioners' recitation of all of the experience and technology that they applied in developing their various routes, PROTED points out that Petitioners' first effort resulted in a proposal to place the transmission line along North 33rd Road, where it would run past three elementary schools. Petitioners' third route choice was along the north side of the I-80 corridor. Petitioners acknowledge that they did not revise their preferences to what is at issue now until after receiving a negative response at public meetings to their routing proposal. PROTED suggests that Petitioners' alleged expertise should count for little given their initial proposal and how they rescinded that proposal after hearing complaints from property owners and concerns regarding the proximity of the proposed line to three schools.

PROTED also disagrees with Petitioners' suggestion that Mr. Bennett's experience in siting pipeline routes is not comparable to siting electric transmission line routes. PROTED contends that although the components for pipeline route selection may differ slightly from those for an electric transmission line, the criteria identified by Petitioners are primarily the same as for pipeline routing. PROTED objects to Petitioners' efforts to leverage their criticism of Mr. Bennett into an argument that his routes suffer from the lack of their army of experts. PROTED reminds the Commission that Petitioners retain the burden of proving their route is the least cost, least impact route based on the information in the record.

Petitioners' list of the entities that they claim to have spoken with when developing their routing proposals does not persuade PROTED. PROTED contends that it is entirely unclear from Petitioners' description which entities were shown which route and what type of input or feedback Petitioners accepted. By way of example, PROTED notes that Petitioners changed their primary route following public input in March of 2006; but, according to PROTED and SOLVE, Petitioners were not interested in discussing routing choices with SOLVE. Similarly, PROTED claims that while Petitioners discussed new routes with LaSalle as late as June or August of 2006, they

did not mention to the mayor of Ottawa their decision to move the LaSalle-Wedron route so that it came into Ottawa city limits. PROTED also questions which routes Petitioners showed IDNR and USFWS and how Petitioners responded to their comments.

a. Length of the Line

In terms of length, PROTED asserts that neither Petitioners' preferred Green Route nor PROTED Alternate 1 has an advantage in this area since they are approximately the same length. By its calculations, PROTED reports that the Green Route is approximately 23.76 miles long while its Alternate 1 is slightly longer at 23.88 miles. PROTED adds that its Alternates 2 and 3 are both slightly shorter at 23.62 miles. PROTED states that Petitioner measured the Green Route at 23.9 miles long and PROTED Alternate 1 at 24 miles long. PROTED concludes that the difference in the length of the two main proposals is negligible and does not provide an advantage for either route under this criterion.

b. Difficulty and Cost of Construction

PROTED argues that its Alternate 1 will be less difficult and costly to construct than Petitioners' Green Route. PROTED questions how Petitioners can argue otherwise since they presented no witness who had actually been in the Illinois Cement Company quarry or walked any significant segment of the abandoned rail beds where the Green Route would run. Although it impacts both the engineering and the environment, PROTED points out that Petitioners were largely unaware of the simple fact that there are two rail beds, not one, and produced no witness who could state from personal knowledge on which rail bed it proposed to place its poles, although the placement of those poles could significantly increase the number of homes within 200 feet of the line.

By comparison, SOLVE presented the testimony of Dr. Jasiek, who testifies that he has spent considerable time with SOLVE studying the specific geological and environmental conditions of the LVR valley in and around the Illinois Cement Company quarry. According to PROTED and SOLVE, Dr. Jasiek is intimately conversant with the topographical and geological features of this area that he has personally visited many times. In contrast to Petitioners' attitude toward this environmentally sensitive area, SOLVE states that it and Dr. Jasiek are committed to and conversant with the issues in this area. PROTED and SOLVE acknowledge that Dr. Jasiek and his wife and other SOLVE members bought the land north of the quarry to develop Vermilionvue Subdivision. They assert that was primarily done to protect the LVR from the northward crawl of the Illinois Cement Company quarry.

i. Engineering Challenges

PROTED argues that among the engineering challenges associated with the Green Route is a significant change in elevation where it crosses through the LVR valley. According to PROTED, a Wetlands Inventory Map prepared by the U.S.

Department of the Interior (PROTED 80 Schedule 2.5) shows that the segment of the LVR valley that the Green Route would cross is some of the deepest area to cross the river. Based on its reading of the map, PROTED reports that the elevation on the west side of the LVR valley at the LaSalle-Bureau County ("LSBC") railroad right-of-way is 630 feet above sea level. (As a reference point, PROTED notes that Vermilionvue Subdivision at the north end of the quarry is at 633 feet above sea level.) In terms of width, PROTED states that the valley at this point is over one mile wide. The elevation, PROTED continues, drops down to 560 feet in the ravine of the unnamed stream that runs between the two railroad beds. PROTED observes that it then climbs to the IC railroad right-of-way at 600 feet and then drops again to the LVR which is approximately 500 feet above sea level. On the east side of the valley (at the Knaff farm), PROTED states that the elevation rises again to 600 feet. PROTED avers that this is an overall drop of 130 feet and then a rise of 100 feet.

The quarry site through which the Green Route passes also requires consideration of topography issues, according to PROTED. PROTED argues that the map of the quarry that Petitioners rely upon is outdated and points out that it includes temporary fill piles that are no longer in the quarry. Moreover, PROTED observes that Petitioners' Green Route traverses at least one mound made up of fill that has been placed there within the last 4-5 years. PROTED contends that there are continuing, significant and, in some cases, unknown elevations that Petitioners would have to deal with to build across the quarry. In any case, PROTED asserts that the changes in topography at the quarry would be far more significant than the changes in topography north and east of Maze Woods where PROTED Alternate 1 would cross the LVR. The disturbed soil and ongoing reclamation in the quarry site present other engineering challenges, according to PROTED. PROTED insists that constructing the transmission line through the quarry will require special construction techniques (such as anchoring poles in concrete from the height of the hill down to the floor of the quarry) in order to stabilize the soils and the poles within the reclaimed quarry.

Additionally, PROTED contends that the railroad bed that the Green Route uses to approach the quarry from the west experiences severe ongoing erosion and subsidence, apparently caused by the construction of the 18-acre lake adjacent to the railroad bed. PROTED understands that Petitioners intend to locate poles on the railroad bed. SOLVE testifies that this railroad bed has slumped into the lake. PROTED adds that the lake has greatly expanded, becoming deeper and stretching further under where the power lines would run. While Petitioners seem to assume that they can engineer the poles in that area, PROTED claims that the evidence shows that they have not specifically evaluated the engineering issues in the quarry and have no intention of stabilizing the railroad bed. PROTED notes further that none of Petitioners' personnel have been to the quarry since August of 2006.

Finally, PROTED notes that the Green Route will exit the quarry at the Knaff farm. According to Petitioners' map, PROTED understands that they intend to place a significant corner structure on the Knaff farm at a location that has been a consistent location for slumping of the hill. Petitioners witness Emmons suggested that this issue

had been handled by the Illinois Cement Company's installation of a geo membrane. Under cross-examination, however, PROTED notes that Mr. Emmons had no idea where the geo membrane is. Dr. Jasiek witnessed the installation of the geo membrane and testifies that it is no where near where Petitioners propose to place their angle structure.

PROTED contends that nothing in its Alternate 1 presents this level of engineering difficulty. Nonetheless, it notes that Petitioners tried to raise as issues the LVR crossing of Alternate 1 and the number of angle structures necessary for Alternate 1. PROTED maintains that where its Alternate 1 crosses the LVR will not have nearly the difficulty or complication of the Green Route's crossing. A review of the Wetlands Inventory Map, PROTED asserts, shows that Alternate 1 changes 50 feet in elevation whereas Petitioners' Green Route must change approximately 120 feet, as discussed above. PROTED adds that its crossing of the LVR valley is approximately 1,200 feet wide, while the Green Route's valley crossing is approximately 5,260 feet. PROTED also acknowledges that Alternate 1 will require some angle structures, but by paralleling the property lines on its longest east-west leg, PROTED believes that Alternate 1 will minimize turns and angle structures when compared to the Green Route. As a matter of simple engineering, PROTED concludes that Alternate 1 would be the least cost and least difficult route to construct.

ii. Right-of-Way Cost

In terms of construction costs, PROTED contends that Petitioners have materially underestimated the probable cost to acquire the necessary easements, apparently because of the increase in property values along Petitioners' Green Route. PROTED came to this conclusion after comparing Petitioners' internal and proprietary property valuations with recent actual sales for real property along the Green Route. PROTED also maintains that the more rural property along PROTED Alternate 1 is significantly less expensive than the developed or developing land along the Green Route. PROTED reports that Petitioners' own internal (and proprietary) estimate shows that the right-of-way costs for the Green Route are nearly twice the right-of-way cost for Alternate 1. (See table included as page 4 of PROTED 80 Schedule 2.2 (proprietary)). Not surprisingly, PROTED continues, the estimate for PROTED Alternate 1 is far more in line with Petitioners' right-of-way cost estimates for its own alternate routes, which also traverse rural areas.

PROTED states further that according to the court in CURED, proper estimation of the cost of obtaining easements for a proposed route is critical to the least-cost means analysis of Section 8-406(d), and the costs of eminent domain proceedings must be included in these cost estimates. Underestimating those costs, PROTED asserts, can be a fatal defect in the record. Moreover, when the route is contentious, PROTED states that the costs of eminent domain proceedings should be factored in to the least-cost means analysis.

iii. Construction Cost

More important than the level of right-of-way costs, PROTED asserts that the overall cost for its Alternate 1 is likely to be less than the overall cost for Petitioners' Green Route. PROTED asserts that page 4 of 5 (dated 8/1/2007) of Petitioners witness Nelson's response to Resistors Data Request 5-1 Attachment #1 (PROTED 80 Schedule 2.2(proprietary)) contains Petitioners' prepared cost estimates for the PROTED alternates and indicates that Alternate 1 would cost $18,200,000 to build. According to Petitioners' data response, PROTED continues, the total estimated cost for the Green Route is $19,400,000 (although line 63 of Mr. Nelson's rebuttal testimony indicates that number to be $19,600,000).

In surrebuttal, Mr. Emmons claimed that PROTED's comparison was not accurate because Petitioners would have (and had not) included special structure costs, special access costs, clearing costs for large forest areas, or other additional construction cost items. PROTED counters that Petitioners' construction costs are generic (albeit proprietary) as can be determined from the record evidence. Relying on PROTED 80 Cross Ex. 2, PROTED observes that it reflects an original cost estimate for the Green Route of $19,000,000. Each line segment column on the table in the exhibit, PROTED further observes, includes an entry for "type" reflecting line voltage (e.g., "138") and either "urban" or "rural." PROTED notes that those segments sharing the same voltage and urban/rural characteristics reflect the same (proprietary) cost per mile. PROTED 80 Cross Ex. 3 contains a proprietary table of line cost data that was used to determine the total per mile installed costs of various line configurations shown in PROTED 80 Cross Ex. 2. Following a review of PROTED 80 Cross Ex. 3, PROTED states that those estimates include no additional special structural cost, special access costs, clearing costs for large forest areas, or other additional construction cost items. Consistent with PROTED 80 Cross Ex. 2, PROTED points out that Petitioners witness Murbarger testifies that special structural cost, special access cost, or clearing cost would be about the same for both the Green Route and PROTED Alternate 1. PROTED adds that Petitioners' reevaluation of right-of-way costs along the Green Route resulted in a $600,000 increase in total costs for the Green Route.

PROTED contends that Mr. Nelson's significantly cheaper internal estimate for the PROTED routes is consistent with Petitioners' factor driven approach to estimating. According to PROTED, one of the notable aspects of Petitioners' proprietary factors for construction costs included on PROTED 80 Cross Ex. 3 is that all of the rural costs in the top half of that chart are consistently lower than the urban costs in the bottom half of the chart. Since its Alternate 1 requires very little "urban" mileage, PROTED states that it stands to reason that it will be cheaper to build on a per mile basis. PROTED also finds it interesting that the segment chart in PROTED 80 Cross Ex. 2 shows that all the initial "urban" segments on that chart reflecting construction within LaSalle use the same factors for construction costs, "138 urban." Thus, PROTED concludes, the estimates do not reflect the significant special construction costs that Petitioners must face crossing the LVR valley. PROTED claims further that Petitioners' estimates ignore the cost of engineering through the Illinois Cement Company quarry, which can only drive up the

cost of the Green Route. Even if the more than $1 million difference in cost estimate is less than what Petitioners identified as the margin of error of 30%, if the Green Route is significantly likely to be much more expensive, that expense would be passed on to customers through electric rate charges.

iv. Staff's Role

PROTED criticizes Staff as well, alleging that Staff failed to determine the least-cost route. PROTED states that Section 8-406(b) requires a full exploration of the least-cost-means of satisfying the service needs of the utility's customers. According to the CURED court, PROTED relates, a determination of least-cost means is "without sufficient basis and substantial foundation" when Staff does not properly consider the question of least-cost means. (285 Ill. App. 3d at 91-92) PROTED contends that a review of Staff witness Linkenback's testimony raises a question about how aggressively he evaluated whether Petitioners' route alternatives were least cost. Alternatives must be considered, PROTED continues, for there to be an impartial investigation into the least-cost means requirement. (Id. at 95) PROTED asserts that Mr. Linkenback relied largely upon Petitioners' filings and his "visual inspection" to determine which route was the most reasonable. PROTED adds that Mr. Linkenback states that he could not determine how Petitioners selected their routes, and thus did not examine any route possibilities other than those proposed. PROTED contends that it is not at all clear that Staff has satisfied the standard of determining least-cost means set out in CURED.

c. Difficulty and Cost of Operation and Maintenance

With regard to operating and maintaining transmission lines on the various routes, PROTED asserts that the cost of any of its routes would be roughly the same as for Petitioners' Green Route. PROTED recognizes that its Alternate 1 creates certain costs as a result of the fact that much of it is not on a roadway. PROTED observes, however, that much of the Green Route parallels I-80. The reality of using the I-80 corridor, PROTED avers, is that the line will have to be accessed from the north-south roads (not from the interstate). Therefore, PROTED concludes, those miles of Alternate 1 that follow section lines will be no more difficult to operate or maintain than the miles of Petitioners' Green Route that follow I-80 or I-39. Also, because of the practice of constructing roadways on one mile grids in Illinois, PROTED states that Alternate 1 will not require the construction and maintenance of access roads. Moreover, PROTED continues, nearly all, if not all, of a transmission line following Alternate 1 can be seen from roadways, even though those lines will not be a prominent feature as they would be if on the roadway as Petitioners propose.

d. Environmental Impacts

In terms of environmental impacts, PROTED disputes any suggestion by Petitioners that PROTED Alternate 1 impacts Maze Woods. PROTED states that Alternate 1 runs along the southern edge of the property to the north of Maze Woods,

thus running just north of Maze Woods. PROTED explains that Alternate 1 is thus out of the technical jurisdiction of Maze Woods, but, equally important, minimizes any interference or fragmentation of the Indiana bat habitat or other habitat that relies on contiguous forest. With regard to the IDNR and INPC letters objecting the Alternate 1 (AmerenIP Exs. 11.03 and 11.09, respectively), PROTED asserts that Petitioners solicited these letters on the incorrect premise that Alternate 1 would run through the northern edge of Maze Woods. Upon clarifying the location of Alternate 1, PROTED notes that Petitioners witness Cruse acknowledges that the concerns of IDNR and INPC regarding the segment of Alternate 1 near Maze Woods do not apply.

PROTED denies as well that Alternate 1 will have a negative environmental impact where it crosses a wetland known as Buck Creek. Although Petitioners initially argued that it would be difficult to obtain the necessary permits from the USACE to cross this wetland, PROTED asserts that Mr. Cruse ultimately admitted that such permits could be obtained. More importantly, PROTED continues, Mr. Cruse also acknowledges that the amount of wetlands *actually* impacted by the construction of a transmission line along Alternate 1 could be reduced or eliminated by line design, pole placement, or other mitigation measures. In light of Mr. Cruse's statements, PROTED contends that there should be no environmental concerns about the impact of a transmission line along Alternate 1 on the wetlands in the area of Buck Creek.

PROTED also argues that Petitioners overstate the current degradation of the vegetation within the abandoned rail beds making up a part of the westernmost segment of Petitioners' Green Route, and, by so doing, understate the negative impact on that segment of a new transmission facility. While Petitioners rely on the status of this area as a former railroad right-of-way to suggest that it is degraded, PROTED asserts that railroads, historically, did not clear cut a 100 feet right-of-way. Consistent with their usual practices, PROTED states that these railroads used only the width necessary to construct the track, in this case 15 feet to 20 feet from Highway 351 all the way to the south edge of the reclaimed quarry. No doubt in large part because the railroad did not cut an entire 100 feet right-of-way, PROTED adds that this whole area is on the Gap map for the Indiana bat provided by Petitioners. As reflected in SOLVE Schedule 2.1c, PROTED observes that the tree line carries seamlessly into an area to the south that is heavily wooded for several more miles then continues all the way to the Illinois and Michigan Canal ("I&M") and the Illinois River. Moreover, PROTED continues, this heavily wooded, contiguous area is within ¼ mile of the Blackball Caves, a known hibernaculum of the Indiana bat.

PROTED contends that Petitioners provide little in the way of credible evidence on environmental impacts. PROTED reports that Petitioners sought to introduce evidence on such impacts through Mr. Cruse, who admits that he has minimal biological training, other than reading reports. Despite his lack of training, PROTED states that Mr. Cruse nevertheless presents a “Biological Assessment” that he did not author that may suggest significant environmental impacts from the Green Route, which he ignored or downplayed in his testimony. By comparison, PROTED asserts that its witness, Dr.

Jasiek, provided specific and credible information based on his personal knowledge and study of this area.

i. Vegetation Removal and Erosion Concerns

The record reflects that Petitioners' Green Route exits the North LaSalle Substation and runs east for several hundred feet on a denuded stretch of abandoned railroad. After that point, it enters into a wooded area that is bordered by the LSBC and IC abandoned railroad beds. To the east of the IC bed lays Vermilionvue Subdivision, which consists of 39 residential lots. From the railroad beds, the route goes through the Illinois Cement Company quarry, and through an area of the LVR valley that is currently being reclaimed for recreational use and habitat creation.

Petitioners witness Emmons suggests that Vermilionvue Subdivision will be buffered from the Green Route by a screen of trees. Similarly, Mr. Cruse testifies that the segment of the Green Route that parallels the abandoned railroad corridor was sited in this location in order to take advantage of the existing corridor while maintaining separation from existing residential homes and the newly constructed residential subdivision. Mr. Cruse adds that the railroad corridor is comprised of heavily degraded woodland that does not contain significant environmental attributes.

In order to determine the impact on Vermilionvue Subdivision and surrounding houses, PROTED avers that Petitioners would have to know what railroad corridors are there and on which corridor they are intending to build their line. Under cross-examination, however, PROTED points out that Mr. Emmons testifies that he was not aware that there are two railroad corridors. PROTED adds that Mr. Cruse, who attempts to provide personal observations about the nature or the woodland corridor, has never been there and has no personal knowledge of its makeup and similarly was unaware that there are two railroad beds. Mr. Cruse's characterization of the LaSalle railroad corridor as degraded, PROTED continues, stands in stark and cynical contrast to Petitioners' attempt to characterize the Railnet corridor on the Ottawa-Wedron route as a far more significant environmental issue. In describing the Railnet corridor, which is an active rail line and is a visible gap in the tree canopy from overhead photomaps, PROTED relays that Petitioners witness Ward states: "It is amazing how you don't feel it [the railroad track] as you walk through that area. It is almost a canopy of trees and it feels very wooded and it is not – it is quite comfortable." (Tr. at 166) PROTED states as well that Mr. Ward readily admitted on cross-examination that he could not see the railroad beds in LaSalle due to the canopy. Mr. Ward further explains with regard to the abandoned rail corridors in LaSalle, "I tried to get to it, but it is kind of grown over back in those lots there on the west and down those roads." (Tr. at 239)

In opposition to the Green Route segment passing through LaSalle, Dr. Jasiek presents a recent overhead photograph of the segment paralleling the railroad corridor. SOLVE Schedule 2.1c depicts a dense canopy of trees covering both of the abandoned railroad beds. PROTED observes that prominent in the photograph are two homes. Dr. Jasiek explains that the two homes, one belonging to Meg Bibula and one belonging to

Warren Norris, were built on (Norris) or between (Bibula) the railroad right-of-ways and that the houses are no more than 100 feet apart. Dr. Jasiek testifies that the Norris house was built after Petitioners created their photomaps.[4] PROTED states that both homes are currently secluded, both in general and from each other, by the tree canopy now covering the railroad right-of-ways. Dr. Jasiek notes that the Norris house lot backs up to the Vermilionvue Subdivision mentioned by Mr. Emmons. PROTED understands from Petitioners (AmerenIP Ex. 3.3 at 1) that creating a roadway necessary to construct and maintain the transmission line will require the removal of a 100-foot wide strip of trees. PROTED states that Dr. Jasiek's photograph demonstrates that removing a 100-foot wide strip of trees for construction and a roadway will destroy any screen and buffer, and make the power poles completely visible to adjoining residents.

Where that 100-foot swath would fall depends on which railroad bed Petitioners intend to place their line. PROTED points out, however, that none of Petitioners' witnesses could identify upon which bed Petitioners intend to build the transmission line. Dr. Jasiek opined from reviewing Petitioners' route map (AmerenIP Ex. 11.11), that Petitioners intend to use parts of both railroad beds, starting (from the north) on the IC and moving to the LSBC before turning into the quarry. If Petitioners use the IC corridor or, worse, move from the IC corridor to the LSBC corridor, PROTED states that it would seem likely that the two aforementioned homeowners would not only see their forest cover completely disappear, they would now be staring into each others houses through a picket fence of transmission line poles.

Aside from denuding what is currently a mature growth of trees, PROTED complains that removing that strip of trees will also encourage further erosion in a railroad corridor that is already severely eroded and is not even 100 feet wide in many areas. Any additional clear cutting or construction, PROTED continues, will aggravate soil erosion into the unnamed stream (between the rail corridors) and into the 18 acre quarry lake and, ultimately, into the LVR. This potential situation concerns PROTED because there are two Superfund sites (EUC and M&H Zinc) in the area. PROTED states that Petitioners ignored the impact of the excavation necessary to build their line near two Superfund sites simply because their route does not actually pass through those sites. But, PROTED argues, the transmission line route passes through areas of sediments and runoff which are still flowing toward the LVR. PROTED reports that the State of Illinois paid $65 million to clean up the EUC site and that work on the M&H Zinc site has not been started yet. The unnamed stream, PROTED adds, passes through the proposed route and is the source of some of the problems that affect the river, causing it to be on the 303D list.[5] According to PROTED, at least 40 residents' yards

[4] The absence of the Norris home from Petitioners' photomaps draws attention to another concern that PROTED mentions. PROTED states that the photomaps upon which Petitioners rely were created in October of 2005. Thus, they were almost 2 years old at the time of the hearings in this docket. At the hearings, PROTED states that it became apparent that Petitioners' maps did not depict a recently constructed house, new residential developments, lakes, and land formations that are key to the determination of relevant impacts.

[5] PROTED reports that 303D is a designation by the IEPA that denotes an impaired stream or river due to contaminants as well as sediments, bacteria, and heavy metals.

between the EUC site and the LSBC railroad were excavated and the soil incinerated in an attempt to rid that property of the chemicals that the unnamed stream contains. PROTED adds that residents of this area have had their property already devalued by the Superfund. PROTED maintains that Petitioners' plan would be another significant negative impact and, at the very least, create complicated engineering problems.

By comparison, PROTED states that Alternate 1 crosses the LVR in a far less environmentally sensitive area. PROTED indicates that the property traversed by Alternate 1 north and west of the Maze Woods segment has been mined, farmed, and grazed by cattle. This fragmentation, according to PROTED, would not be affected further by power lines running outside the north edge of Maze Wood. From west to east, PROTED reports that the area is 154 acres of denuded farm ground, 145.53 acres of Western Sand and Gravel property, which has been partially excavated for minerals, 156 acres for grazing cattle, and 159 acres of farm ground. PROTED contends that this topography is far from possible bat habitat and this degraded area is much larger than the "degraded quarry," as Petitioners refer to the Illinois Cement Company property on their Green Route.

ii. Indiana Bat Habitat Concerns

PROTED asserts that the single significant wildlife issue impacted by the proposed transmission line routes is the habitat of the endangered Indiana bat. In order to evaluate the evidence in this docket, PROTED urges the Commission to bear in mind the distinction between bat habitat and bat populations. PROTED states that the evidence shows that there are significant areas of bat habitat in LaSalle County, but little evidence of bat populations. While Petitioners promoted the Indiana bat issue as an advantage of its routes over the routes of other parties, PROTED contends that it is ultimately unclear whether any significant population of Indiana bats actually inhabits the forested areas that qualify as Indiana bat habitat within the study area. To the extent that Indiana bat habitat is an issue, however, PROTED argues that both common logic and the evidence show that Petitioners' Green Route will more negatively impact that habitat than PROTED's Alternate 1.

Citing Petitioners' own Biological Assessment, PROTED points out that a representative of the USFWS Rock Island Field Office expressed concern on July 27, 2006 about any southern routes for a transmission line. Specifically, the abandoned Blackball Mine, which is approximately 1.5 miles south of I-80 and 1 mile east of I-39, is a roosting area for the Indiana bat. According to PROTED, the USFWS has determined that there ought to be a 5-mile buffer around Blackball Mine and that the presence of the buffer would have serious implications on all of the proposed southern routes that impact suitable habitat. (See IL 71 Resistors Ex. 3.11 at 3) PROTED explains that its Alternate 1 is the only route which is almost entirely outside the 5-mile radius.

PROTED notes further that the GAP map for the Indiana bat (AmerenIP Ex. 11.10) shows that habitat decreases with distance from the north side of the Illinois River Valley. PROTED also claims that the forested railroad corridor on the Green

Route is included as bat habitat on the GAP map. PROTED notes that Petitioners' Biological Assessment agrees with Dr. Jasiek's conclusion that the southern segment of the railroad corridor is comprised of mature hardwood trees. The Biological Assessment conflicts with Dr. Jasiek's opinion regarding the northern segment, the former indicating that the northern segment lacks the right floristic characteristics to be suitable Indiana bat habitat. (See PROTED 80 Schedule 2.7, Table 2) With regard to this conclusion in the Biological Assessment, however, PROTED asserts that the document is no more than hearsay since Petitioners failed to produce its author or any witness with the expertise to rely on it or even to explain it. PROTED insists that the corridor is not as degraded as Petitioners claim.

PROTED also indicates that bat populations are a different issue than bat habitat. Parts of the Biological Assessment, PROTED observes, call into question whether any of the routes would impact a known Indiana bat population. PROTED relates that according to the Biological Assessment and minutes from an August 21, 2006 meeting among Petitioners, USFWS, and IDNR (PROTED 80 Schedule 2.13):

- LaSalle County is primarily used only for winter habitat (Blackball Mine).
- Blackball Mine supports a very low wintering population of Indiana bats (average 1,200).
- There are no records of Indiana bat maternity colonies in LaSalle County and no Indiana bats have been found outside of Blackball mine during the summer season in LaSalle County.
- Summer surveys have been conducted along the LVR in LaSalle County on a number of occasions and no Indiana bats have been recorded.
- In general, brooding habitat in LaSalle County, in particular the project area, is very marginal. The majority of the area is comprised of agricultural land and urban areas with small isolated woodland areas (in a landscape context). These isolated habitat patches are not typically utilized by maternity colonies.
- If there are Indiana bats summering in LaSalle County they would most likely be found south of the hibernacula in the Starved Rock State Park. This area contains a fairly large, less fragmented forested habitat.
- Indiana bats do not utilize a 5-mile area around the hibernacula during the swarming period. They restrict themselves to swarming around the entrance to Blackball Mine. Foraging is not a primary focus during this period, the focus is mating. Habitat quality decreases substantially further away from the mine, especially north. There is no reason for the bats to venture away from the mine entrances during this period (except for the first 2.5 miles of which there is very little if any suitable bat habitat).
- If male bachelor bats used the LVR corridor for foraging during the summer, one would have been caught by now.
- An IDNR representative stated that this project, regardless of which of Petitioners' routes is chosen, will not impact Indiana bats or their habitat.

PROTED states that its routes traverse the same general areas that were considered for Petitioners' alternate routes, and adds that its routes are much farther north and farther away from the Blackball Mine than Petitioners' Green Route. PROTED maintains that the only legitimate concern over Indiana bat populations must center on the Blackball Mine area.

e. Impacts on Historical Resources

While PROTED acknowledges that no party to this proceeding pointed to any significant impact on a historical resource along any of the routes between LaSalle and Wedron, it nevertheless suggests that the route closest to the Illinois River, Petitioners' Green Route, poses a risk of encountering unexpected archeological finds related to the river's history. PROTED is not comforted by Petitioners' observation that any historical artifacts along the I-39 and I-80 corridors would have been uncovered by the construction of the interstates. What Petitioners ignore, according to PROTED, is the fact that the relevant segments of its route run outside of the actual interstate corridors. PROTED therefore concludes that it is entirely possible that Petitioners will be disturbing land that was not disturbed by the construction of the interstates.

f. Social and Land Use Impacts

PROTED contends that Petitioners' Green Route will create a number of negative land use impacts, while those associated with its Alternate 1 are more easily addressed or mitigated.

i. Impact on Existing Pipeline Facilities

According to PROTED, Petitioners' Green Route parallels a high pressure (700 psi) natural gas pipeline for approximately 4.5 miles. As PROTED witness Bennett explains, stray currents can corrode adjacent pipelines. Although many pipelines reside in electric transmission corridors, PROTED states that a new electric line placed adjacent to a pipeline system puts an additional responsibility upon the pipeline operators to ensure that stray currents from the electric transmission lines are not adversely affecting the pipelines integrity and jeopardizing the safety of the general public. PROTED maintains that the Green Route as proposed simply places an additional risk on the general public that would be avoided by placing the line elsewhere. PROTED acknowledges, however, that such risk could be mitigated, but notes that the risk is not completely eliminated.

ii. Impact on Planned Park and Bike Trail

Much of the reclaimed Illinois Cement Company quarry will be dedicated for use as a LaSalle city park. PROTED contends that a transmission line would negatively impact the park as well as a future spur of the Grand Illinois Trail (American Discovery Trail) along the LVR Greenway. The Grand Illinois Trail, PROTED continues, also uses the abandoned railroad bed to connect with the I&M Canal Trail (National Heritage

Corridor). PROTED notes that this area is included on the LaSalle bicycle route map and it will compromise other areas that are planned as LaSalle city parks. A well traveled city park, PROTED argues, should not receive less attention than a lesser used nature preserve like Maze Woods. If there are negative impacts (or even perceived negative impacts) in having transmission lines near populated places, PROTED maintains that those impacts are going to be far more pronounced in a city park and along a city bike route than adjacent to a nature preserve. While there are clearly instances of power lines near bike trails, PROTED asserts that it remains an incompatible use that should be avoided where possible.

iii. Impact on Agricultural Land

SHOCK asserts that PROTED Alternate 1 would have a far more significant negative impact on agricultural land than Petitioners' Green Route. PROTED contends that the evidence does not support that claim, not only because it believes that Alternate 1 would have a very limited impact, but also because the Green Route would have the same type of impact on agricultural land. In terms of the impact that the Green Route would have on agricultural land, PROTED first argues that referring to the Green Route as being in the I-80 corridor is misleading. The placement of poles on what Petitioners and SHOCK refer to as the I-80 corridor, PROTED explains, is actually on adjacent land, much of which is currently agricultural land, which would suffer all the same impacts as any other agricultural land the line traversed. Where the owner is using that property for farming, PROTED states that the poles would most certainly be in a planted field. Moreover, PROTED continues, there has been no indication that Petitioners have been granted their request to overhang the interstate right-of-way. Absent such a grant, PROTED asserts that the transmission poles will be pushed further in to farm land.

In comparison, PROTED states that Alternate 1 places the poles on the back property lines of the farm fields it impacts. PROTED adds that the right-of-way could be more or less equally divided by the adjoining land owners on either side with the structures being placed immediately adjacent to the property line on one property and the Safety and Exclusion Zones extending in both directions. PROTED offers PROTED 80 Cross Ex. 1, a collection of photographs that show a number of typical LaSalle County hedgerows, to support its contention that some of the hedgerows along Alternate 1 would be wide enough to accommodate transmission line poles. PROTED notes that some such hedgerows currently have distribution or transmission poles in them. Where there is a hedgerow wide enough to accommodate, PROTED adds that the pole could be placed entirely in that row. PROTED maintains that this would truly have the least impact on agricultural land, since the footprint of the pole is the only practical impact of the transmission line on an agricultural use in the field.

Even if the transmission lines were placed in planted fields, PROTED argues that the actual square footage of agricultural land taken out of production by Alternate 1 would be substantially similar in impact to that of the Green Route. PROTED notes that Petitioners witness Nelson testifies that actual farmland taken out of production along the Green Route will be less than 1 acre. The areas that will be taken out of production

will be the area required for the series of 2 feet diameter poles with a few 6 feet diameter structure bases. Mr. Nelson also adds that the majority of the easement area will only have overhanging wires. Petitioners witness Emmons testifies that farming within the Safety and Exclusion Zones is not prohibited.

In response to Mr. Emmons assertion that the extensive use of cross country construction would be inconsistent with IP's agricultural impact mitigation agreement with the IDA, PROTED states that as its title implies, most of that agreement concerns the *mitigation* of agricultural impacts where a line is placed in an agricultural setting. PROTED recognizes that Section 1.C. of the agreement states, "The highest priority will be given to locating the transmission line parallel and adjacent to highway and/or railway right of way." PROTED contends that the agreement, however, can not obligate the Commission to make the placing of transmission lines next to highways or railways the paramount concern of all transmission line dockets. Nor, PROTED continues, can Petitioners reasonably argue that placement of transmission lines near highways must always be given its top priority. Additionally, PROTED contends that the next line of the agreement, dealing with how lines will be placed in cropland when they can not be placed adjacent to a highway, strongly implies that the goal is not just to follow a highway, but to use its right-of-way. Here, PROTED asserts that Petitioners can not use the right-of way of I-80. PROTED states further that Mr. Emmons also ignores the fact that Petitioners' two other alternatives, both of which he characterized as acceptable alternatives, primarily traverse agricultural areas just like PROTED's Alternate 1 and that Petitioners considered both to be better alternatives until it presented them to the public

iv. Impact on Flaherty Field

PROTED acknowledges that its Alternate 1, as originally proposed, runs adjacent to a RLA at Flaherty Field. PROTED argues, however, that the only evidence in this docket regarding the actual use of the RLA is that of Dr. Jasiek, who testifies that the field is used for radio controlled airplanes. While use as an active RLA would be inconsistent with the original routing of Alternate 1, PROTED insists that it does not have to impact the Commission's routing decision. Routing the transmission line per the original design of Alternate 1, PROTED explains, would simply require that the RLA designation of Flaherty Field be revoked. While regrettable, PROTED states that the existence of a RLA does not impose any obligations on surrounding landowners or compromise the Commission's authority to establish a transmission route. Moreover, PROTED continues, there is no legal restriction against building what would be termed an "airport hazard" near a RLA that is the base for fewer than 20 planes. (See Section 49.1 of the Illinois Aeronautics Act, 620 ILCS 5/1 et seq.) In light of the owner of Flaherty Field's inaction upon receiving notice of this proceeding, PROTED states that loss of the RLA designation may be a reasonable outcome. PROTED indicates, however, that it is not its goal to impose negative impacts where they can be reasonably avoided.

Another option that PROTED and SOLVE support involves a small route modification that would move Alternate 1 sufficiently far away from Flaherty Field to allow it to maintain its RLA designation. Under the Illinois regulations controlling RLAs, a RLA requires certain clearances to maintain its status. Those clearances are spelled out under IDOT's rules, 92 Ill. Adm. Code 14, "Aviation Safety," ("Part 14").[6] Citing Appendix E to Part 14, PROTED states that to maintain the RLA designation, there must be a clearance slope of 15:1 to a distance of 3,000 feet from the end of the runway. Assuming 75-foot tall poles (as Petitioners have stated they would use in rural settings), PROTED asserts that the RLA designation would not be compromised by a transmission line on 75-foot poles that crossed perpendicular to the runway at any distance farther than 1,125 feet from the end of the runway. Appendix E also has a clearance requirement slope of 4:1 to a distance of 135 feet running parallel to the centerline of the landing strip.

As a simple solution to the RLA conflict, PROTED submits a slight modification of Alternate 1 to avoid any impact on Flaherty Field. PROTED relates that its modification does not affect any landowners who have not already been contacted, does not increase the length of Alternate 1, and quickly returns to the original path of Alternate 1. PROTED adds that its modification would not impact nearby Maze Woods. PROTED presents two alternative modifications on PROTED 80 Exs. 3.2 and 3.3. Both alternative segments approach Flaherty Field from the south on the originally proposed Alternate 1. Both would then turn east on the east-west half section line of Dimmick Township, Section 16. PROTED indicates that the east-west half section line is more than 400 feet south of the center line of the airstrip, thus well outside the 135 feet clearance space that must parallel the landing strip. The two alternative segments differ only in how far east they travel before turning to the north to rejoin the original Alternate 1 route. PROTED acknowledges that either alternative segment will add two additional major angle points but believes that, because of the relatively straight nature of Alternate 1, it continues to be the route that minimizes turns and angle structures.

PROTED reports that the first alternative segment would travel east for approximately 1,320 feet (well beyond the 1,125 feet distance necessary to maintain the field's RLA status) to the north-south quarter section line then turn north across a field for approximately half a mile where it would reconnect with the original Alternate 1. PROTED states that this alternative segment returns the line to Alternate 1 on the north side of N 34th Road where it might require some overbuilding. PROTED observes that an additional option where this alternative segment rejoins the original Alternate 1 would be to remain on the south side of N 34th Road until crossing E 3rd Road and continuing east for approximately 1,320 feet and then angling to the north to avoid Maze Woods.

The second alternative segment would travel east for approximately half a mile to E 3rd Road, where it would connect with an existing 34kV line and travel north for approximately half a mile where it would reconnect with the original Alternate 1. PROTED recognizes that this second alternative segment gets the line to E 3rd Road but then passes by one additional house and requires additional overbuild for

[6] Appendix F to Part 14 limits RLAs to basing a maximum of six aircraft.

approximately half a mile. PROTED adds that it also would pass along the west boundary of Maze Woods, but would be well away from the tree line of Maze Woods.

g. Number of Affected Landowners and other Stakeholders and Proximity to Homes and other Structures

With regard to both the number of landowners and proximity to existing structures, PROTED argues that its Alternate 1 is preferable to Petitioners' Green Route. Relying on AmerenIP Ex. 3.3 and the 2005 LaSalle County Plat Book, PROTED asserts that the Green Route affects 83 landowners and 128 parcels while Alternate 1 affects 57 landowners and 62 parcels. PROTED believes that the Green Route affects more landowners and parcels because it is routed through more densely populated areas.

PROTED states further that the proximity of power lines to homes is a sensitive issue due to the safety concerns associated with a high voltage line break near a home, potential or perceived health issues associated with EM fields, and unsightliness. Mr. Emmons, PROTED observes, acknowledges that residences should be avoided when siting power lines. In Docket No. 06-0179, PROTED continues, the Commission placed a high priority on avoiding occupied structures. On page 20 in the Order in that proceeding, PROTED notes that the Commission stated:

> Although the Staff proposal is longer and thus more costly, it provides, among other things, an important benefit of avoiding the siting of high-voltage transmission lines in close proximity to residential dwellings. Under the Staff proposal, there will be no dwellings within 500 feet of the line; whereas, under the Ameren proposal the line would be within 200 feet of two dwellings -- a land use factor of “high sensitivity” according to Ameren’s own selection process -- and within 500 feet of another three as described in testimony from Staff and the affected landowners. The Commission believes this consideration is especially important inasmuch as the line in question is not a low or medium voltage line; rather, it is a high-voltage 345kV line.

Although the line at issue here is a 138kV line, PROTED states that it is still a high voltage line and houses within 200 feet of that line deserve no less attention.

Based on an analysis of photography and field verification conducted in 2007, Mr. Bennett developed the following count of houses along Alternate 1 in order to compare the structures that Petitioners counted on AmerenIP Ex. 3.3 as being within 200 feet of the Green Route's centerline:

Route	Green Route		Alternate1
Occupied Houses	15		11
Garage & Farm	15		19

Route	Green Route		Alternate1
Buildings			
Grain Bins	0		4
Other	34		5

PROTED states further that Petitioners' numbers are outdated since they are apparently based only on aerial photography done in October of 2005. There is no evidence, PROTED argues, that Petitioners' numbers include new developments near Ottawa like Trails of Terra Cotta and Shadow Ridge. PROTED understands that Trails of Terra Cotta, which would abut Petitioners' Green Route, has approximately 10 homes. Shadow Ridge, directly south across I-80, has 15 to 20 homes. PROTED indicates that additional residences are under construction at both sites.

PROTED also argues that there are probably few land use impacts as devastating as having a 138kV line replace the grove of mature trees that surround one's home. PROTED laments that this is exactly what will happen to the Bibula and Norris homes in the segment of the Green Route that parallels the abandoned railroad right-of-ways. According to PROTED, the concern that Petitioners witness Ward expresses for residents of Dayton, Illinois in the discussion of the Ottawa-Wedron route would more aptly apply to the Norris and Bibula homes. Mr. Ward testifies, "I think the main thing in [Dayton], it is going to cut down a corridor of trees. That's – that and then the power line will be right there next door to the houses. I mean, right next door to the houses." (Tr. at 221) Similarly, PROTED notes that Mr. Emmons testifies that Petitioners would avoid even having its nominal right of way pass through a structure.

The count of houses within 200 feet of the Green Route should also go up significantly, according to PROTED, if Petitioners intend for the transmission line to move from the IC railroad bed on the east side of the corridor to the LSBC railroad bed on the west side of the corridor. In that case, PROTED states, a great majority of the homes bordering the LSBC right-of-way, over 62 homes, would be within 200 feet of the line where Dr. Jasiek testifies that Petitioners have purchased an option. In short, PROTED believes that Petitioners' count of occupied structures is probably grossly undercounted due to what appears to be their outdated source and due to critical ambiguities about where they want to place the line within LaSalle. Moreover, in light of continuing development in northeast LaSalle and along the I-80 corridor, PROTED contends that it is far more probable that the number of occupied homes will continue to grow along the Green Route.

h. Proximity to Existing and Planned Development

Outside of LaSalle, PROTED is concerned that Petitioners' Green Route will be inconsistent with land uses along I-80. PROTED states that recently completed projects along I-80 include a truck stop. Projects under development, according to PROTED, also include a water park, subdivisions in each of the LaSalle, Utica, and Ottawa areas, and a SuperWalmart near Ottawa. An amusement center has also been proposed near

Utica. PROTED asserts that sales of properties as well as present landowner plans indicate that future development is expected for much of the area along the Green Route. As a result, PROTED states that land values have appreciated considerably. In light of these facts, landowners along the Green Route oppose the line being routed on their property. PROTED alleges as well that the consideration that Petitioners have been offering for easements is nowhere near the present value of the properties along the Green Route. PROTED suggests that Petitioners' insufficient compensation offers not only imply that condemnation on many of these tracts is likely but also that Petitioners' line item for right-of-way costs is severely underestimated for this route. In light of these impacts on existing and planned development, PROTED contends that its Alternate 1 is preferable than the Green Route in this regard.

i. Community Acceptance

PROTED maintains that neither its route nor the Green Route enjoy widespread community acceptance so neither of the two primary routes are preferable under this criteria. The first area of community acceptance discussed by PROTED pertains to SHOCK's concerns. PROTED finds SHOCK's concerns over the proximity of the line to schools, homes, and businesses legitimate. That is why PROTED states that it made a concerted effort when investigating alternatives to meet the expressed concerns of SHOCK. Upon submitting its Alternate 1, however, PROTED relates that SHOCK objected on grounds different from its previously expressed concern over the proximity of the lines to inhabited structures. Not content to protect the “Safety and Health of Our Community and Kids,” PROTED asserts that SHOCK now advocates that the line be placed along the I-80 corridor instead of running through agricultural land of any kind. PROTED contends that SHOCK's revised position ignores the fact that much of the land on the Green Route along the I-80 corridor is currently agricultural land. PROTED alleges that SHOCK's original proximity concern was something of a front for an attempt simply to force the route away from SHOCK members’ properties.

PROTED also points out that SHOCK worked with Petitioners early on to avoid the route that SHOCK’s members disliked. While PROTED has no objection to SHOCK working with Petitioners, PROTED states that its later arrival on the scene should not shift any burden of proof about the ultimate question: what is the most appropriate path for the LaSalle-Wedron route. In a way, PROTED continues, SHOCK members “benefited” from their location on Petitioners' original preferred route, which is now their first alternate route. Due to their relationship with that first preferred route, PROTED states that SHOCK members received early notice of the process and were able to attend and comment at Petitioners' original public meetings, which were held on March 29 and 30, 2006. PROTED understands that Petitioners' routing decisions from those meetings forward were basically in reaction to the vocal concerns of SHOCK. In comparison, PROTED states that it was not until June of 2006 that Petitioners began contacting individuals along what is now the Green Route. For example, PROTED relates that Mr. Bennett first received a letter from IP on about June 14, 2006. The people who would form PROTED first met on July 5, 2006 and communicated their concerns to IP in a letter dated July 20, 2006. Even at that time, PROTED reports that

Petitioners' currently preferred Green Route was no more than an alternative and did not officially become the preferred route until Petitioners made its filing in this docket at the beginning of November 2006.

PROTED discusses the District's concerns in terms of community acceptance as well. The District is concerned about some potential impacts of different route alternatives on property it owns next to the North LaSalle Substation. The District has plans to use that property as a sports complex and does not want any of the routes to result in transmission lines bisecting the property. Contained within Dist. No. 120 Ex. 1.1 are some alternative alignments for various routes, including PROTED's Alternate 1, to allow those routes to exit the substation and avoid bisecting the District's property. PROTED understands the District's concerns and has no objection to the Commission modifying any of the PROTED alternatives as shown in Dist. No. 120 Ex. 1.1. PROTED adds that these changes, which are more in the nature of an alignment change than a route change, do not impact any of the routing issues that are in dispute between it and Petitioners.

EM fields are another area concerning community acceptance discussed by PROTED. PROTED relates that SHOCK, SOLVE, and the District each express concerns about the impact of EM radiation from a 138kV transmission line. SHOCK witnesses Blue and Small express concern with regard to schools and homes. SOLVE witness Jasiek expresses concern with regard to homes and park land. PROTED notes that Petitioners claim to have made an effort to avoid occupied structures because of the communities' perceptions regarding the dangers of EM fields. PROTED also observes that concern about EM fields was the expressed reason of SHOCK for advocating that Petitioners move the lines away from what is now its first alternate route. SOLVE agrees with Mr. Blue and Mrs. Small that the schools should be avoided, which all of PROTED's routes do. Moreover, PROTED finds it curious that Petitioners spent more effort rebutting SOLVE's brief comment on the danger of EM fields than they did on SHOCK's lengthy testimony about EM field concerns. Without even getting to the actual impact of EM fields, PROTED states that the perceived impact of EM fields have very real affects on a community, on the community's perception of its safety and the resulting affect on its members' willingness to stay and participate, and on land values. When comparing the two primary routes under consideration, PROTED maintains that its Alternate 1 entails less impact from EM fields than Petitioners' Green Route.

j. Visual Impact

PROTED points out that Petitioners acknowledge that electric transmission lines are generally clearly visible to the public and unattractive. No matter how carefully they are constructed, PROTED asserts that transmission lines are an eyesore and will impede development where they are built. Because LaSalle, Utica, and Ottawa are locations that have high potential for future development in the areas of I-80 and I-39, PROTED insists that building transmission lines where there is a demonstrated interest in development is contrary to the public interest. In contrast, PROTED states that its

Alternate 1 would be built on the back lines of rural properties where the line will simply be seen by fewer people and the people who see it will, for the most part, be viewing it from a distance. When considering visual impact, PROTED states that its Alternate 1 is clearly preferable to the Green Route.

k. Presence of Existing Corridors

PROTED recognizes that the Green Route follows a transportation corridor to the extent it follows I-80. PROTED argues, however, that the I-80 corridor does not provide any significant advantage and presents a number of problems related to the development along the corridor. Other than the utilization of existing electric line corridors, the only potential existing corridor is that of the pipelines, over which PROTED expresses concerns, as described above. While the presence of the I-80 corridor favors Petitioners, PROTED contends that it is of no real benefit.

3. SHOCK Position

SHOCK's sole interest in this proceeding is the location of the proposed transmission line between LaSalle and Wedron. SHOCK favors Petitioners' Green Route and opposes Petitioners' first and second alternate routes. Petitioners' first alternate route passes directly in front of three grade schools and over 50 homes and several businesses. SHOCK witness Blue testifies that the three grade schools combined house 692 students, ages 5 through 14, along with teachers and other staff. Mr. Blue states further that Petitioners' second alternate route, which is partially conterminous with the first, also passes in front of one of the same three grade schools, as well as many homes and businesses, many of which are owned by SHOCK members. The major concerns of SHOCK over Petitioners' two alternate routes are:

a. negative effects on property, from permanent environmental and agricultural damage and blighted property values;
b. potential negative health risks associated with long-term exposure to EM fields; and
c. disruption of prime, valuable farmland, some of which has been in families of SHOCK members for generations.

Mr. Blue adds that the Green Route would locate the transmission line closer to the commercial and industrial development along I-80 that is at least partially driving the need for additional electric power facilities.

In response to the three alternate routes proposed by PROTED, SHOCK notes that all three pass through farms and rural portions of Dimmick, Waltham, and Wallace Townships, and along or near SHOCK member property, including long-time farms and homes. Mr. Blue observes that PROTED Alternate 2 situates much of the transmission line in the middle of farmed property rather than along a roadway, thereby interfering to an even greater extent with agricultural production on prime farmland. SHOCK maintains that the disruption and interference with prime farmland is a major negative

factor for both of Petitioners' alternate routes and all of the routes advocated by PROTED. SHOCK asserts that Illinois has a policy of protecting farmland, which is discernible from such statutory provisions as the Agricultural Areas Conservation and Preservation Act, 505 ILCS 5/1 et seq., and the Farmland Preservation Act. SHOCK respectfully requests that the Commission recognize this state policy.

SHOCK observes that the challenges mounted against Petitioners' Green Route by the various intervenors taken together include allegations ranging from harm to property values, to loss of tourism and economic development, to environmental damage, to threats to endangered species, to harm to wetlands and other natural areas, to deforestation, to health risks, to sight pollution, and to incompatibility with municipal comprehensive plans. Alternative routes proposed by intervenors, SHOCK continues, were challenged on many of the same bases, as well as on the basis of the lack of sound engineering procedures or practices, operational and reliability weaknesses, and increased capital and operational costs. SHOCK notes that PROTED especially went to great lengths to try to malign that portion of the Green Route that exits the existing North LaSalle Substation and runs to the I-80/I-39 interchange. Following cross-examination, SHOCK contends that it is apparent that the LaSalle-Wedron Green Route is the best alternative, considering all relevant factors. SHOCK asserts further that PROTED's witnesses lack the resources, skills, and experience possessed by Petitioners to properly evaluate that various factors that need to be considered when selecting a route for a transmission line.

Although not the sole factor, SHOCK also suggests that from a community acceptance standpoint it is noteworthy that PROTED has a meager number of members (23) in comparison to SHOCK (183). Moreover, of the total signatures on the petition that PROTED introduced opposing the portion of the primary route within the LaSalle city limits, SHOCK points out that over 50% were by persons residing outside of LaSalle. Also noteworthy, according to SHOCK, is that few of those persons that signed the petition became members of PROTED. Furthermore, SHOCK notes that not one of the businesses that PROTED witness Bennett identifies along the I-80 portion of the LaSalle-Wedron Green Route intervened in this case or even joined PROTED to oppose the Green Route. Despite their proclaimed intimate familiarity with the area of the various alternate routes for the LaSalle to Wedron line, SHOCK observes that neither PROTED witness identified or accounted for the Flaherty Field private airplane landing strip that is located close to PROTED Alternate 1 (until Mr. Bennett revised Alternate 1 to go around the field after he learned of its existence during cross-examination). SHOCK insists that PROTED offers insufficient engineering and other analysis and support for its proposed alternate routes.

SHOCK dismisses the argument that selection of the Green Route will hamper tourism and development along I-80. SHOCK contends that no witness offered any evidence of the transmission line causing an adverse impact on tourism and development along the interstate. To the contrary, SHOCK continues, Petitioners' witnesses point out that transmission lines run along numerous interstates and major roads with no evidence of negative impacts on development.

4. Utica Position

Utica objects to Petitioners' Green Route since it believes that it would have a negative impact on it and its residents. Specifically, Utica believes that placing the transmission line on the south side of I-80 will interfere with the ongoing and anticipated future development within that area. Utica states that it is currently experiencing a substantial amount of economic growth in that area, including at the interchange of I-80 and State Route 178. The growth includes commercial, light industrial, and planned recreational and residential uses.

In terms of commercial growth, Utica reports that a Love's Travel Stop & Country Store recently opened at the I-80 interchange with State Route 178. Incorporated into the Travel Stop are Utica's first two fast-food restaurants. Utica states that this development is adding much needed sales tax dollars as it continues to recover from a 2004 tornado. Utica witness Guttilla adds that a developer has purchased 130 acres immediately south of I-80 at the Utica exit. Mr. Guttilla testifies that the developer's plan includes a 30-acre commercial development incorporating hotels, restaurants, professional offices, and retail shopping. The remaining 100 acres would be devoted to residential development.

Light industrial growth, Mr. Guttilla continues, is anticipated for 215 acres immediately south of I-80 purchased by Industrial Developments International, Inc. ("IDI"). Utica understands that IDI is designing a business park for the site. Utica expects the project to create approximately 1,300 jobs for the community and surrounding area. Utica adds that IDI will fund much needed infrastructure needs, such as a water tower for the village, to support the development.

With regard to recreational growth, Mr. Guttilla notes that Utica serves as the gateway to Starved Rock State Park and Lodge and the Grand Bear Lodge and Indoor Water Park. According to Utica, the majority of the visitors to these two lodges enter at the I-80/Utica exit. Utica's Economic Development and Tourism Strategy Plan indicates that over 2 million visitors per year visit Starved Rock State Park. Additionally, Mr. Guttilla testifies that the Starved Rock Golf and Game has recently received approval for an amusement park complex just south of I-80. He states that this project is to include 36-holes of miniature golf, batting cages, amusement rides, restaurant facilities, and retail shops.

Utica laments that all of the above referenced growth is adjacent to or within one to two miles of Petitioners' Green Route. Mr. Guttilla fears that placement of the transmission line along this portion of I-80 will have a negative impact on all of these types of economic development. He testifies further that the village is strongly opposed to the Green Route as evidenced by the unanimous action of the Village Board of Trustees in opposing the route as reflected in the August 18, 2006 letter from the Village President to Roger Nelson of Ameren.

Mr. Guttilla adds that construction of the overhead transmission line at the Green Route is contrary to Utica's Comprehensive Plan. Policy Number 3 of the Comprehensive Plan states: “Locate utility lines and structures where they will be compatible with existing or planned development and will be in accord with the optimum use of air, water, and other resources.” Mr. Guttilla notes that Petitioners witness Ward, an urban planner and real estate and economic development consultant, reviewed Utica's Comprehensive Plan and concluded that the Green Route did not conflict with the Comprehensive Plan. Mr. Ward acknowledges that he did not attend any meetings regarding the plan, speak to anyone involved in creating the plan, or discuss the transmission line project with any elected officials or developers in the Utica area. How Mr. Ward can then conclude that no conflict exists despite acknowledging that he did not consult anyone from Utica regarding the Comprehensive Plan is beyond Utica's understanding. Utica argues that Mr. Ward’s judgment can not be allowed to supersede the judgment of the local community as expressed by the Comprehensive Plan and Mr. Guttilla's testimony.

Utica also observes that Petitioners witness Nelson testifies that he does not believe that a transmission line along the Green Route would have an adverse impact on development in the Utica area. Utica reports that Mr. Nelson, like Mr. Ward, acknowledges that he did not directly speak with any Utica officials. Mr. Nelson, Mr. Guttilla adds, was apparently not even aware of the corporate boundaries of Utica or that Utica does not have zoning control outside its corporate boundaries. Utica asserts that it is in the best position to determine the scope of the impact, not witnesses for a company who have spent minimal time in the community, are unaware of the corporate boundaries, and who have not spoken to Utica’s elected officials or community residents. With these thoughts in mind, Utica urges the adoption of any of PROTED's alternate routes.

5. The District Position

The District is responsible for educating LaSalle area students. For the 2007-2008 academic year, the District has 1,200 students enrolled. In 2002, the District purchased approximately 39 acres adjacent to IP's North LaSalle Substation. The District plans to construct a sports complex and possibly a new attendance center on the property. The District states that the sports complex will have two baseball fields, two softball fields, a running track and field area, a soccer field, a locker room, a concession stand, and a parking lot.

The District is concerned that selection of any route other than the Green Route will prevent it from constructing the facilities that it has already designed since the other routes cross over some portion of the District's property. According to the District, Petitioners concede that a transmission line crossing its property would negatively impact the District’s proposed development and use of its property. The District adds that the impact on its property and other externalities associated with the transmission line are not reflected in Petitioners' cost estimates, which suggests to the District that the cost analysis is not complete.

The District further argues that the record does not adequately support the need for the transmission line to be routed over its property in order for Petitioners to provide adequate, reliable, and efficient service. The proposed Green Route demonstrates, according to the District, that it is not necessary for the line to cross the District's property in order for it to serve its function. Moreover, the District continues, no intervenor favoring an alternative route has introduced any evidence suggesting that routing the line over the District's property is necessary or even desirable for any reason.

In the event that the Green Route is not chosen and one of the alternatives is chosen, the District proposes modifying all such routes so that the transmission line leaves the substation along the Green Route but then turns northwest along N 2953 Road (whereas the Green Route would turn southeast upon arriving at N 2953 Road). The transmission line would follow N 2953 Road to the northwest until it joined the alternative routes as originally proposed. The District notes that some intervenors have indicated that they either support or have no objection to the District's proposed modification to the routes leaving LaSalle to the northwest. The District is not aware of any landowner objection to the District's proposed modification to the alternative routes. If the transmission line is to pass through its property, the District recommends that the line be buried and shielded to reduce EM field exposure.

In response to the District's proposed modification to all but the Green Route, Petitioners witness Emmons testifies that the District's modified route would require approximately 700 feet of existing 138kV Line 1556A be rebuilt as double-circuit structures. Mr. Emmons states further that although doing so would not have a great cost impact on the project, it would create significant operating difficulties. Under cross-examination, however, the District points out that Mr. Emmons acknowledges that the District's modification would not require rebuilding an existing line as a double-circuit structure and that Petitioners' concerns relating to additional expense and operating difficulties would be eliminated by constructing the transmission line along the District's proposed modified route on separate poles from the existing line.

The District states further that it appears that its modification would result in the shortest route among the alternatives proposed. For the relevant portion, the District indicates that Petitioners' first alternate and PROTED Alternate 1 appear to be approximately 1,800 feet, Petitioners' second alternate and PROTED Alternate 2 and 3 appear to be 2,700 feet. The District asserts that its modified route appears to be approximately 1,700 feet.

As suggested earlier, the District also has some concerns about exposure to EM fields. The District takes little comfort in the testimony of Petitioners witness Cruse regarding EM fields. The District observes that Mr. Cruse has taken no courses on the health effects of EM field exposure. The District understands that Mr. Cruse gained his knowledge on the subject by reading research summaries and browsing relevant articles on the internet. While Mr. Cruse is not convinced that EM fields pose a threat,

he acknowledges that there are members of the scientific community who would conclude that there are harmful effects from EM fields. Perhaps most significantly, the District continues, Mr. Cruse concedes that the District's modified route would have less of an impact as far as EM fields are concerned compared to the other alternate routes. The District points out further that IP usually tries to route these types of transmission lines at least 200 feet away from occupied buildings. The District asks that the Commission consider the potential costs imposed upon it and the community in light of Petitioners' acknowledgment of the risks associated with EM fields, particularly with regard to children who would be exposed to EM fields emanating from a transmission line running through school facilities. It is the District's hope that the Commission will not find such risks to human life to be "least-cost" within the meaning of Section 8-406 of the Act.

6. LaSalle Position

LaSalle understands that the transmission line routes under consideration include Petitioners' Green Route, which exits LaSalle to the southeast and travels along I-80, and Petitioners' two alternate routes which are similar to PROTED's three alternate routes in so far as they all exit LaSalle to the northwest. LaSalle states that it has constituents and/or potential constituents and land owners along all of the proposed routes, and in that regard recognizes that the decision as to which route may be appropriate for this needed line is not an easy decision. LaSalle wishes to be clear that it has no preference among these six routes. LaSalle recognizes that there are pros and cons to all of the routes, as all of the participants in this proceeding know.

In that regard, LaSalle believes that an additional point of clarification is appropriate in reference to its position. This additional point is being specifically submitted in furtherance of a request made to LaSalle by the District. If the Commission chooses the Green Route, LaSalle states that the clarification would not be necessary because the Green Route does not affect the District's property. In the event that one of the other five routes is chosen, however, LaSalle would have no objection to the District's proposed modification to avoid the transmission line passing through the District's property. This modification has been referred to as the "black" route by the District and would entail the transmission line crossing over certain real estate owned by Carus Corporation identified by Parcel Number 16-03-327-02 and 16-03-505-001. LaSalle adds that its neutrality is also premised on the point that the District has obtained the consent of Carus Corporation. LaSalle's lack of objection to the District's modification is also subject to Petitioners being able to place the transmission line sufficiently far to the north, so that a potential widening of Raccuglia Drive would not be impaired.

7. Staff Position

Staff does not oppose or offer any alternate line routes to the routes proposed by Petitioners. Staff finds all three routes that Petitioners described for the LaSalle-Wedron route equally acceptable. Staff reviewed the alternates proposed by PROTED

and the District and determined that their alternate routes are not superior to Petitioners' Green Route. Staff therefore continues to recommend that the Green Route be approved by the Commission.

Staff denies PROTED's allegation that Staff did not consider the least cost requirement in its analysis. To the contrary, Staff maintains that serious consideration was given to all the alternate routes with regards to least cost. Staff explains that the difference in costs for the various routes, however, were insignificant and unsubstantiated, so that other considerations, such as the degree of difficulty to build and maintain, environmental impacts, visual impact and ability to parallel existing utility corridors, overshadowed any differences in cost.

Staff explains further that the cost quoted by PROTED for its Alternate 1 is $18.2 million, whereas, the cost estimate Petitioners provide for the Green Route is $19.4 million. The difference in the costs quoted between Alternate 1 and the Green Route is 6.6%. Staff contends that the 6.6% difference in the cost estimates of the two routes is well within the contingency factor and the degree of accuracy range of Petitioners' estimates. Moreover, Staff continues, the cost quoted by PROTED for Alternate 1 is based on an estimate by Petitioners, which Petitioners say is unreliable, unverified, and does not include added or special costs unique to that route such as special structures and additional land clearance expenses, which were included in the cost estimate for the Green Route. Staff therefore argues that a direct comparison of the costs is not possible, but notes that it appears that any cost difference is de minimus.

8. Commission Conclusion

All of the parties appear to agree that the proper determination of least cost is not simply a financial analysis, but involves a comprehensive consideration and balancing of the overall costs and externalities against the benefits of the route proposals. The various proposals for the LaSalle-Wedron route each have their own costs and benefits. While the Commission recognizes that a total of six routes between LaSalle and Wedron have been proposed by Petitioners and PROTED, the Commission will focus its attention on Petitioners' Green Route and PROTED's Alternate 1 since these routes have been the primary focus of the parties' discussions and all of the parties indicate that they can accept one of these two routes.

In evaluating these two alternatives, it is clear that the intervenors are deeply concerned about the ultimate location of Petitioners' 138kV transmission line between LaSalle and Wedron. The Commission appreciates their effort and input on this challenging issue. The drafters of the two primary routes under consideration, Petitioners and PROTED, each claim to have an advantage over the other in planning their respective route. Petitioners assert that they have the experience, expertise, and resources necessary to properly evaluate sites for electric transmission lines while PROTED lacks such. PROTED, on the other hand, claims to be more familiar with the LaSalle area and landscape than Petitioners and criticizes them for not spending more time studying the area where they want to construct a transmission line. The

Commission finds some validity to the arguments of both in this regard, but still accepts those arguments with a grain of salt in light of shortcomings highlighted during the course of this proceeding. Specifically, PROTED points out that Petitioners' original attempt to select a route for their transmission line placed the line with 200 feet of three schools. Petitioners' own witnesses testify that they usually try to avoid placing transmission lines in such close proximity to schools. The fact that Petitioners' original preferred route ran so close to three schools suggests that planning errors are still possible despite all of Petitioners' experience, expertise, and resources. Similarly, SHOCK brought to the Commission's attention that PROTED's Alternate 1 abuts a RLA. Despite professing to be familiar with the area, PROTED was unaware of this fact until SHOCK raised it at the evidentiary hearing. Although PROTED's effort may seem thorough on the surface, this realization suggests that PROTED's planning may not be as comprehensive as it would have the Commission believe.

To evaluate the advantages and disadvantages of the Green Route and Alternate 1, the Commission will begin by considering the same 12 factors examined by the parties.

a. Length of the Line

Both the Green Route and Alternate 1 are approximately 24 miles long. Although the actual distances measured by Petitioners and PROTED for their own and the other's route do not match, the differences are negligible. Accordingly, neither route is preferable over the other based on this factor alone.

b. Difficulty and Cost of Construction

This factor presents many areas of discussion. Among them is the topography of the areas where the Green Route and Alternate 1 cross the LVR. Petitioners and PROTED do not appear to agree on the rise and fall of the land in these areas. In assessing the topography of the areas, Petitioners rely on aerial maps provided by a consultant in the planning stages for this project (see AmerenIP Exs. 16.6 and 16.7). PROTED relies on a Wetlands Inventory Map prepared by the U.S. Department of the Interior (see PROTED 80 Schedule 2.5). Neither map is read with ease. Differences between Petitioners and PROTED's starting points may explain the differences in their conclusions. Given that the lines cross the LVR valley in different locations, however, the Commission would expect that the land will fall and rise again in varying degrees as each line crosses the river. Whatever the true topography of both LVR crossings, the Commission trusts that Petitioners possess the knowledge and skill necessary to construct a transmission line across the LVR in either location. Because of the difficulty in comparing the results of the parties' topographic analyses, it is difficult to say that one of the routes is preferable to the other in this regard.

The topography and soil stability in the former Illinois Cement Company quarry were also raised by PROTED. The Commission understands that the site of the Illinois Cement Company quarry is being reclaimed for a city park. PROTED argues that there

are areas within the quarry that would not make a suitable location for a transmission line pole. PROTED contends further that one of the two nearby railroad beds which Petitioners may situate poles on is slumping into an 18-acre lake in the quarry site. Petitioners are not concerned by the stability of the soil in the quarry. The record is not clear which of the two railroad beds Petitioners may use, so it is uncertain if PROTED's concern over the slumping railroad bed is relevant. But in any event, there does not appear to be an area with similarly degraded soil conditions along PROTED's Alternate 1, which cuts in favor of Alternate 1 as far as the difficulty of construction is considered.

In terms of existing roads which would provide Petitioners access to the proposed construction sites, maps in the record indicate that neither route runs along existing roads for its entire length. Petitioners' Green Route, however, is closer to more existing roads, which would facilitate construction. Constructing the narrow access roads that Petitioners would need along the route would also appear to be easier overall along the Green Route. Alternate 1, in contrast, runs through rural areas where there are no east-west roads, but there are wooded areas, wetlands, and several creeks/ditches, which would hamper the construction of access roads as well as the transmission line itself. Therefore, the Commission finds that the Green Route would be easier to access.

The need to slightly modify Alternate 1 to accommodate the District's plans for its property adjacent to the North LaSalle Substation also triggers some construction issues. While the modification can be implemented without significant cost, Petitioners would need to either erect a second set of poles for the new 138kV line or rebuild as a double-circuit 700 feet of the only other transmission line serving the North LaSalle Substation (which would involve an extended outage of the existing line). Neither addresses the broader system reliability concerns of Petitioners. This extra step for the benefit of the District, whose position will be addressed more thoroughly below, makes construction of Alternate 1 more difficult, which favors adoption of the Green Route.

As for the actual cost of construction, Petitioners estimate that the Green Route will cost approximately $19.6 million (which includes the updated right-of-way acquisition estimates) while PROTED estimates that its Alternate 1 will cost approximately $18.2 million. But again, the designer of each route argues that the other's construction estimate is wrong. PROTED contends that Petitioners underestimate the cost of acquiring easements and should reflect the cost of eminent domain proceedings in the project's budget pursuant to CURED. Petitioners assert that PROTED inappropriately relied on their generic construction estimates for projects and thus failed reflect all special construction costs for Alternate 1. Petitioners add that the estimate for Alternate 1 should also reflect the cost of eminent domain proceedings if the Green Route is to do so. Both parties again make some valid arguments. The Commission agrees that in an ideal situation, both route cost estimates should reflect the cost of eminent domain proceedings. Unfortunately, estimating the cost of eminent domain proceedings for either route would involve a great deal of speculation since it is not apparent which landowners along either route would refuse to sell an easement, how much a court would find their land to be worth, and what the legal costs of such

proceedings would be. Furthermore, although PROTED has undertaken a great deal of effort to plot alternative transmission line routes, the Commission is concerned that PROTED lacks the engineering expertise to know exactly which type of structures are appropriate for Alternate 1, which would hamper PROTED's ability to accurately estimate construction costs. Accordingly, on the issue of actual construction cost, it is difficult to determine if the Green Route or Alternate 1 is preferable.

Overall, under this criterion, the Commission finds that the Green Route is preferable to Alternate 1 since the Green Route would be easier to construct. The Commission believes that this conclusion holds even if Alternate 1 is moderately less expensive to construct in terms of actual dollars because dollars alone are not the determinant of "least cost."

c. Difficulty and Cost of Operation and Maintenance

For the same reasons that the terrain and existing roads make the Green Route easier to access, the Commission finds that the Green Route will also be easier and less costly to operate and maintain. When repairs are needed, existing roads and fewer natural obstacles will facilitate such work. In emergency situations in particular, such as snow or ice storms, visually inspecting and accessing areas of the Green Route will be easier and safer for utility employees. Easier maintenance should also translate into less costly operation and maintenance for the Green Route. Therefore, the Commission finds the Green Route preferable under this factor.

d. Environmental Impacts

The Commission wishes to limit the environmental impacts of any transmission line it approves. In this situation, the removal of trees along the portion of the Green Route traveling through the LVR valley presents the greatest environmental concern for PROTED. While the trees themselves have value, PROTED contends that their absence will contribute to erosion and runoff problems in the LVR valley and negatively impact potential habitat for the Indiana bat. Petitioners, on the other hand, express concern about passing through the Buck Creek area and removing trees adjacent to Maze Woods to make way for construction and operation of PROTED's Alternate 1 route. Petitioners contend that the Maze Woods area is less degraded than where the Green Route would pass through the LVR valley and also represents potential Indiana bat habitat. The parties' environmental concerns are valid and warrant consideration.

With regard to Buck Creek, the Commission recognizes the significance of wetlands but is convinced that Petitioners could satisfactorily mitigate any potential adverse impacts with proper pole placement. Moreover, the Commission expects them to do so any time such wetlands are encountered. Therefore, the Commission does not consider passing through the limited Buck Creek wetland area a fatal flaw in Alternate 1.

Trees and other vegetation removal are not so easily addressed. The extent to which vegetation will be removed is generally dependent on the width of the right-of-way

in which a transmission line is located. According to PROTED Cross Ex. 2, Petitioners are proposing easement widths varying from 50 to 100 feet along the LaSalle-Wedron Green Route. Given the absence from the record of a map of the Green Route identifying the individual route segments, it is difficult to determine the width of easements within specific segments. From PROTED Cross Ex. 2, however, it appears that easements within the wooded segments of the Green Route would be from 70 to 100 feet wide. According to PROTED 80 Schedule 2.2, PROTED's Alternate 1 would utilize easements ranging from 75 to 100 feet wide. The record is void of any information regarding the easement width of individual segments of Alternate 1. Additionally, AmerenIP Ex. 9.1 depicts the cross section a rural 138kV transmission line easement. After taking into account the National Electric Safety Code ("NESC") safety zone of 18.6 feet and an exclusion zone of 26.4 feet from which structures and vegetation should be prohibited, the distance from the centerline of the pole and the edge of the easement should be 45 feet. Therefore, with regard to both the Green Route and Alternate 1, the width of the right-of-way within the lower LVR valley and Maze Woods area, respectively, as proposed by Petitioners would range from approximately 70 to 100 feet.

Consideration of such gaps in forested areas is important in the context of habitat loss for the endangered Indiana bat. While the record is clear that no Indiana bats are known to inhabit the wooded areas through which the Green Route and Alternate 1 would pass, the Illinois GAP map for the Indiana bat (see AmerenIP Ex. 11.10) indicates that there is potential bat habitat all along the LVR and its tributaries. In the Maze Woods area, although Alternate 1 would not enter Maze Woods itself, it would involve the clearing of trees adjacent to Maze Woods. Both Maze Woods and the wooded area to be cleared are identified as potential habitat for the Indiana bat. Based on the maps in the record, the wooded area to be cleared abuts Maze Woods (no road separates Maze Woods from the area to be cleared) and is adjacent to fields and pasture land. Where the Green Route approaches and crosses the LVR, the GAP map indicates that pockets of potential bat habitat exist. The areas of potential bat habitat lie along the abandoned IC and LSBC railroad beds where a few homes and a residential subdivision have been developed near the former Illinois Cement Company quarry.

Since potential Indiana bat habitat exists along both routes, the question to answer is which route has a lesser impact on the potential habitat. Although the area around Maze Woods has experienced some agricultural uses, the area of potential habitat is contiguous and generally remote from human activity. In contrast, the areas of potential habitat around the railroad beds are not contiguous, based on the GAP map, and are in close proximity to, if not surrounded by, human activity, including industrial sites. Although trees and other vegetation have established themselves in the area of the abandoned railroad beds, the fact remains that this area is more disturbed than the area around Maze Woods. Therefore, from the perspective of known endangered species potential habitat, the Commission finds that Alternate 1 poses the greater environmental impact.

Finding that the Green Route has less of an impact on potential Indiana bat habitat, however, is not the end of the inquiry under the environmental impact factor. Other negative environmental impacts along the Green Route could conceivably counter the advantage of the Green Route regarding potential Indiana bat habitat. If Petitioners removed many of the trees along the Green Route, PROTED fears that erosion and runoff will increase. Specifically, PROTED is concerned by contaminated runoff from the M&H Zinc and EUC Superfund sites as well as runoff and erosion stemming from the construction of a transmission line. The Commission observes that the Green Route does not run through either Superfund site. The Commission notes further that Petitioners have been in contact with IEPA and USEPA regarding the potential for contamination from the Superfund sites. The Commission is satisfied with Petitioners preparation in conjunction with the Superfund sites and expects Petitioners to live up to their commitments regarding these sites and monitor soils to provide maximum safety for employees, the public, and the environment. Similarly, the Commission accepts Petitioners' commitment to take steps to minimize construction storm water runoff entering any stream or body of water in accordance with approved IEPA standards.

SOLVE's concern over the impact of the Green Route on the "nature preserve" near Vermilionvue Subdivision in LaSalle is not taken well. The record indicates that this alleged "nature preserve," or Outlot 1 as it is called in the development plans, is for the most part designated open space within the subdivision development. The Commission does not find the Green Route's impact, if any, on Outlot 1 significant. SOLVE's efforts to protect Outlot 1 are also questionable since the record indicates that SOLVE members have a financial interest in the success of Vermilionvue Subdivision.

Taking all of the arguments regarding the environmental impact of the Green Route and Alternate 1 into account, the Commission finds that the Green Route has less of an environmental impact. If the Green Route is the preferable choice taking all of the other factors into consideration, the Commission further mitigates the runoff and erosion concerns along the railroad beds and former quarry property by hereby requiring Petitioners to limit its easement width in these wooded areas to 90 feet. This width is consistent with the easement width for a 138kV line described in AmerenIP Ex. 9.1. If Petitioners had planned for a narrower width in any of the wooded areas, they are expected to use that narrower width. Furthermore, since PROTED believes that Petitioners' choice of rail bed will affect the landscape enjoyed by homeowners in the area, Petitioners are directed to choose the route which will maintain the greatest amount of tree cover for as many homeowners as possible (assuming engineering concerns do not dictate otherwise). To ensure that Petitioners take seriously their obligation to limit the number of trees removed to only those absolutely necessary to provide reliable electric service, Petitioners are required to work in conjunction with LaSalle and SOLVE representatives when plotting the area to be clear cut. Petitioners shall also work with these parties to provide replacement trees for those removed to construct the transmission line. The replacement trees shall be native species and planted in areas where they would mitigate runoff and erosion.

e. Impacts on Historical Resources

Petitioners contend that neither their Green Route nor PROTED's Alternate 1 is preferable in terms of impact on historical resources. PROTED acknowledges that no party identified any historical resources impacted by any of the routes proposed, but nevertheless maintains that the Green Route is less desirable since it will be closer to the Illinois River and therefore runs a higher risk of encountering unexpected archeological sites. The Commission is not persuaded that proximity to the Illinois River warrants finding that the Green Route may have a greater impact on historical resources. Accordingly, the Commission concludes that neither the Green Route nor Alternate 1 has an advantage over the other in terms of impact on historical resources.

f. Social and Land use Impacts

One of the primary land use impacts raised is the impact of the Green Route on property suitable for development along I-80. Specifically, PROTED and Utica are concerned that a transmission line is incompatible with the development and tourism that they envision along I-80. They argue that the impact on agricultural land owned by SHOCK members along Alternate 1 would be far less than the impact imposed by the Green Route. Until development occurs along I-80, PROTED adds that any transmission line will impact what is currently agricultural land along I-80 in the same way that Alternate 1 will impact agricultural land.

Petitioners, on the other hand, argue that placement of a transmission line where development is expected to occur is not inconsistent with that development and points to several examples where recreational, residential, commercial, and industrial development coexist with a transmission line. Petitioners further contend that constructing the transmission line in farm fields is contrary to IP's Agricultural Impact Mitigation Agreement with the IDA. SHOCK echoes this concern and urges the Commission to bear in the mind the impact of constructing and maintaining a 138kV transmission line in farm fields where no road exists.

The Commission has considered the parties' arguments and is not persuaded that a 138kV transmission line is inherently incompatible with the development that PROTED and Utica hope for along I-80. Although less aesthetically pleasing, the Commission is not convinced that the presence of a transmission line will discourage much of the development, particularly tourism and the industrial and commercial development, which the parties have described regarding the Green Route. More importantly, as SHOCK notes, PROTED and Utica oppose the presence of the very means to transmit the electricity that they need to support the development that they seek. In other words, PROTED and Utica support the expansion of development in their areas but do not appear to want to bear one of the associated burdens--that being the additional electric transmission capacity necessary to supply that development. Rather, they seek to impact agricultural areas that are not driving the increasing demand for electricity and would bear the burden of access road construction and some crop land loss.

With regard to the LaSalle city park planned for the former Illinois Cement Company quarry, the Commission acknowledges that the presence of a 138kV transmission line is not ideal but is also not unheard of. Petitioners have provided evidence of park areas and bicycle trails coexisting with transmission lines. The Commission sees no reason why that could not occur here.

Nor does the presence of a high pressure natural gas pipeline along portions of the Green Route persuade the Commission that Alternate 1 has a lesser impact on land uses. From Commission records it is apparent that electric transmission lines and natural gas pipelines coexist in several locations in Illinois. The record also reflects that the potential affect of alternating current on such pipelines can be mitigated. Moreover, pipeline owners received notice of Petitioners' filing; none intervened.

Considering on balance the social and land use impacts of the Green Route and Alternate 1, the Commission finds that Petitioners' Green Route is preferable to PROTED's Alternate 1. The burden which is imposed by the Green Route is rightfully on those areas spurring the need for additional transmission capacity.

g. Number of Affected Landowners and other Stakeholders and Proximity to Homes and other Structures

PROTED witness Bennett calculates in his direct testimony the number of landowners and parcels affected by Alternate 1 to be 57 and 62 respectively. In his rebuttal testimony, however, Petitioners witness Nelson counts 80 landowners and 123 parcels affected by Alternate 1. Petitioners count 83 landowners and 128 parcels affected by their own Green Route. The source of the discrepancy between Mr. Bennett's calculation and Mr. Nelson's calculation is unclear. Although Mr. Bennett did not challenge Mr. Nelson's count in PROTED's rebuttal testimony, PROTED relies on Mr. Bennett's lower numbers in its Initial Brief at page 47. This ambiguity makes it difficult for the Commission to determine whether one of the routes is preferable to the other with regard to the number of affected landowners.

In terms of proximity to homes and other structures, the Green Route is within 200 feet of 15 occupied homes, 15 garages and farm buildings, and 34 other structures such as small sheds, sign bridges, billboards/large signs, cell phone towers, electrical distribution substations, and natural gas pipeline pump stations. Alternate 1 is within 200 feet of 11 occupied homes, 19 garages and farm buildings, 4 grain bins, and 5 other structures. PROTED contends further that the Green Route is within 200 feet of an unspecified number of additional occupied homes that have been built since Petitioners last surveyed the area. Under this factor, proximity to occupied homes carries the most weight. Whether or not additional homes have been constructed within 200 feet of the Green Route (which the Commission believes is plausible in this area), Alternate 1 enjoys at least a slight preference over the Green Route under this factor, even if Petitioners' count of landowners and parcels is correct.

h. Proximity to Existing and Planned Development

This factor overlaps to a large extent with the question of social and land use impacts. The presentation of the issues under these two factors is consistent with the parties' presentation of the issues. To the extent that an issue raised under this factor, such as anticipated development along I-80, is discussed under social and land use impacts, it will not be discussed again here.

One issue not addressed under any of the previously discussed factors is the proximity of Alternate 1 to Flaherty Field. As noted earlier, Flaherty Field is a RLA north of LaSalle along PROTED's original route for Alternate 1. If Alternate 1 is left unmodified, Flaherty Field could no longer operate as an airfield. The need to modify Alternate 1 to accommodate Flaherty Field is a strike against Alternate 1 since the modifications would entail additional expense. Despite the proximity to Flaherty Field, however, it is generally apparent that the Green Route is in closer proximity to more existing and planned development than Alternate 1. While Alternate 1 is preferable under this factor, the Commission observes that proximity to existing and planned development is not necessarily a bad thing. As discussed above, transmission lines and some types of development such as industrial and some commercial development are not inherently inconsistent.

i. Community Acceptance

From the record, it is clear to the Commission that neither primary route is preferable in terms of community acceptance. Parties for and against each route raise property value concerns, health concerns related to EM fields, and other issues.[7] In particular, the District complains that any route proposal other than the Green Route will adversely affect its plans for a school sports complex and expose students, staff, and parents to EM fields. While it is understandable that the District would not want to alter its plans for the sports complex, the District's concerns must be considered in the context of its own actions. The North LaSalle Substation existed long before the District bought the adjacent property for its sports complex in 2002. Clearly, the District had notice that transmission lines would be near and may even cross its property. Further, to express concerns about EM fields after moving next door to an electric substation reminds the Commission of other plaintiffs who are generally said to have "come to the nuisance" of which they complain. The District must accept the risk that it took when it purchased property abutting an electric substation.

j. Visual Impact

No party has claimed that any of the proposed transmission line routes will not have a visual impact. Petitioners argue that using the existing I-80 corridor for the Green Route, however, will serve to mitigate visual impacts (as opposed to running the route through farm fields) and the presence of transmission lines will become less noticeable with the expected development over time. Petitioners add that in order to

[7] With regard to EM fields, the Commission remains unprepared to discuss any associated health effects.

further mitigate the visual impact along their Green Route, they have chosen a more expensive line configuration of self-supporting, single-shaft steel poles instead of the guyed, wood-pole H-frame structures that have been historically constructed in the area. PROTED argues that the transmission line will be more visually distracting in areas where development is expected to occur and suggests that the rural Alternate 1 will be visually more appealing because it is further from more populated areas.

If it can be said that either the Green Route or Alternate 1 will have less of a visual impact, the Commission finds that the Green Route is preferable to Alternate 1 under this factor. Although the Green Route passes through farm fields north of Ottawa, a greater portion of it travels along I-39 and I-80, which themselves constitute development. If the aforementioned anticipated development occurs along the interstates, the landscape will be further affected by man's hand. Alternate 1, however, primarily runs through farm lands. While cultivation represents a form of development, given the lack of more intense development requiring significant electric energy, it is not a form generally associated with high voltage transmission lines. Hence, a transmission line through farms fields seems more "out of place" than a transmission line along interstates. This is not to say that there are no segments of the Green Route where a transmission line would seem out of place. Such segments exist. On balance, however, the Green Route has less of a visual impact than Alternate 1. The Commission will hold Petitioners to their commitment to use "more attractive" poles.

k. Presence of Existing Corridors

A significant portion of Petitioners' Green Route parallels existing transportation corridors: I-39 and I-80. In contrast, only a short portion of Alternate 1 runs along a main road in LaSalle. Accordingly, the Commission finds that the Green Route is preferable under this factor.

In summary, the Commission's analysis of the routing factors produces the following results:

	FACTOR	PREFERRED ROUTE
a.	Length of the line	NEITHER
b.	Difficulty and cost of construction	GREEN ROUTE
c.	Difficulty and cost of operation and maintenance	GREEN ROUTE
d.	Environmental impacts	GREEN ROUTE
e.	Impacts on historical resources	NEITHER
f.	Social and land use impacts	GREEN ROUTE
g.	Number of affected landowners and other stakeholders and proximity to homes and other structures	ALTERNATE 1
h.	Proximity to existing and planned development	ALTERNATE 1
i.	Community acceptance	NEITHER

j.	Visual impact	GREEN ROUTE
k.	Presence of existing corridors	GREEN ROUTE

Having reviewed the evidence of record, and upon consideration of all relevant route selection criteria as described by the parties, including cost and impact on land use, the Commission finds that the factors described above favor Petitioners' Green Route over PROTED's Alternate 1. Therefore, the Commission finds that the Green Route is the least cost route when all costs and benefits are taken into account.

B. Ottawa-Wedron Route

The proposed transmission line running between Ottawa and Wedron will terminate at IP's existing Ottawa Substation on one end and the newly constructed Wedron Fox River Substation on the other end. This transmission line will be approximately 9 miles in length. In their original filing, Petitioners' preferred Ottawa-Wedron route, identified as the Green Route, is depicted on AmerenIP Ex. 4.1. AmerenIP Ex. 4.1A contains a legal description of the Green Route. Petitioners' preferred route paralleled State Route 71 for the majority of its length. Petitioners considered two alternate routes between LaSalle and Wedron, which are also depicted on AmerenIP Ex. 4.1. AmerenIP Exs. 4.1B and 4.1C contain a legal description of the alternate routes. AmerenIP Ex. 4.3 provides a variety of details regarding Petitioners' three routes. Resistors offer one alternate route as well, which is depicted on IL71 Resistors Ex. 1.1 attached to the direct testimony of Resistors' witness Mixon. Resistors' route parallels an operating Illinois Railnet railroad along the west bank of the Fox River between Ottawa and Wedron.

Throughout their testimony and the September 2007 evidentiary hearings, Petitioners opposed the use of Resistors' preferred Ottawa-Wedron route. Petitioners' position changed, however, following the discovery of an irregularity with portions of Petitioners witness Cruse's testimony at the September 27, 2007 evidentiary hearing. Specifically, during cross-examination, it came to light that Mr. Cruse had not prepared portions of his written testimony in this proceeding and had instead used the work of a consultant hired by Petitioners. Following this realization, Petitioners, Resistors, Ottawa, and other parties worked together to address this situation. Eventually, on January 2, 2008, Petitioners filed a stipulation signed by themselves, Resistors, and Ottawa. Petitioners report that the main agreements among the three signatories to the stipulation are as follows:

- Petitioners do not object to Resistors' route, agree that it can be constructed, and agree that there is record support for Resistors' route.
- Petitioners further agree that they will support the entry of an order by the Commission in this proceeding that adopts Resistors' route between Ottawa and Wedron.
- Resistors and Ottawa agree that they will support the entry of an order by the Commission in this proceeding that adopts Resistors' route between Ottawa and Wedron.

- Ottawa withdraws all objections to the LaSalle-Wedron Green Route, including all objections set forth in the testimony and pleadings filed on Ottawa's behalf in this proceeding.
- Ottawa and Resistors agree that there is support in the record for the adoption of the LaSalle-Wedron Green Route.
- Petitioners agree that, for the purposes of constructing the transmission lines proposed in this proceeding (the Ottawa-Wedron line and LaSalle-Wedron line), truss style poles will not be used within Ottawa's corporate limits, and that said transmission lines within Ottawa's corporate limits will use monopoles.

Petitioners assert that the stipulation reflects terms deemed reasonable by the signatories to resolve all issues of concern among them relating to the Ottawa-Wedron route. Neither Staff nor any other party objects to the stipulation.

Given the impact of this change in position, the Administrative Law Judge directed Petitioners to notify the relevant government agencies of this potential change in the transmission line location. On January 8, 2008, Petitioners mailed letters to IHPA, IDNR, INPC, USFWS, and USACE explaining Petitioners change in position. The letters included a copy of the stipulation and map depicting Petitioners' new preferred route. None of the agencies intervened or otherwise appeared in this proceeding. All property owners along Resistors' route received notice of this proceeding shortly after Dr. Mixon introduced Resistors' route in his direct testimony. None intervened or otherwise entered an appearance.

Resistors urge the Commission to accept the stipulated route because it believes that the route will have significantly less overall impact on the Ottawa-Wedron area than the Green Route based on the 12 routing factors accepted by the parties. Dr. Mixon, testifying on behalf of Resistors, asserts that 7 of the 12 routing factors clearly favor Resistors' route, while only one factor favors Petitioners' Green Route. He also opines that the 4 remaining factors favor either route.

With respect to the factor favoring the Green Route, Dr. Mixon agrees that the Resistors' route would be in proximity to more structures than the Green Route. He testifies, however, that many of these structures are campsites, cabins, and other seasonal structures, not homes. Resistors add that Petitioners acknowledged at the hearing that the majority of structures impacted are within Ottawa and no person has intervened in favor of the Green Route.

Resistors go on to claim that there would be no substantive difference between the Green Route, along State Route 71, and its route with respect to the environmental impacts. Although its route is in a wooded area, Resistors observe that the GAP map does not indicate the presence of any potential Indiana bat habitat along the railroad. Petitioners have committed to take steps to mitigate impacts to adjacent wildlife and habitat areas during construction of Resistors' route.

Resistors further assert that there would be no significant difference between the Green Route and its route with regard to the cost to construct, operate, or maintain the routes. At the same time, however, Resistors note that Petitioners and Staff indicate that the difficulty associated with maintaining Resistors' route could be mitigated by allowing Petitioners to have permanent access roads to service the line. No road currently runs along the Illinois Railnet railroad.

Resistors witness Abel also testifies that Resistors' route is preferable for three reasons. First, he believes that the route is consistent with Ottawa's Comprehensive Land Use Plan to develop State Route 71 as a gateway into the city characterized by green space and residential developments. Adoption of Petitioners' Green Route would result in a transmission line in this same area. Second, Mr. Abel believes that constructing a transmission line along an active railroad corridor is preferable to constructing one along a primary road. Third, he asserts that the community will not accept the Green Route based on (1) community surveys that formed the basis of Ottawa's Comprehensive Land Use Plan and (2) the public opposition of Ottawa and the LaSalle County Farm Bureau.

Mr. Abel also contends that the Green Route would have a negative visual impact on the State Route 71 "highway greenbelt" that Ottawa envisions because the terrain is wide-open. In his opinion, a transmission line along State Route 71 would create a virtual wall that would destroy, not enhance, the visual quality of the corridor. In contrast, he continues, 75% of the total distance of Resistors' route would be located along a railroad partially screened by mature forest.

Witnesses testifying on behalf of Ottawa confirmed that Ottawa has a strong preference for Resistors' route. Ottawa is concerned that Petitioners' Green Route "emasculates" its Comprehensive Land Use Plan, which calls for highway greenbelt corridors, significant buffers or setbacks, and greenways along major highways, including State Route 71. Ottawa's Mayor Eschbach testifies that Ottawa formally supports Resistors' route.

In further support of the new stipulated route, Petitioners note that they had proposed a route substantially similar to Resistors' route as their second alternate route in this proceeding. Petitioners point out that this second alternate route has an advantage over other routes in that it is shorter.

The Commission is somewhat perplexed by Petitioners' abrupt change in position on this issue. Throughout much of this proceeding, Petitioners firmly supported their Green Route along State Route 71. AmerenIP Ex. 10.2 reflects Petitioners' belief that the Green Route was preferable to Resistors' route under 7 of the 12 previously identified siting factors, with Resistors' route being preferable only with regard to the length of lines. Petitioners seemed particularly adamant that Resistors' route is inferior because of the lack of access to a great portion of the route, the removal of a significant number of trees, and the fact that the route passes directly through the Village of Dayton. (See, for example, AmerenIP Ex. 10.0 at 3-4) Yet despite its many concerns,

Petitioners seem to have accepted Resistors' route in order to resolve an admittedly serious issue with one of its witnesses' testimony. Whether this change in position and change in the line location is least cost and in the best interest of all in the area is not clear to the Commission. Given the current lack of opposition to Resistors' route following notice to affected landowners and government agencies, however, the Commission finds itself with insufficient reason to choose a route other than Resistors' route as the least cost route under the 12 factors. Therefore, the Commission approves Resistors' route for the transmission line between Ottawa and Wedron, with one modification. As Resistors' route travels north along the Fox River, it intersects an east-west portion of the approved route between LaSalle and Wedron near the point that the latter route crosses the Fox River. This point of intersection is less than 2 miles from the newly constructed substation in Wedron. The Commission can discern no reason why these routes should continue on separate paths to the same nearby substation. Accordingly, at the point at which the route between Ottawa and Wedron intersects the approved route between LaSalle and Wedron, the Ottawa-Wedron route shall turn east and join with the LaSalle-Wedron route to the Wedron Fox River Substation as a double circuit.

VI. MANAGING AND SUPERVISING THE CONSTRUCTION PROCESS

Petitioners assert that they are capable of efficiently managing and supervising construction of the proposed lines. They state that they will have full management control of the construction of the project, and therefore will be able to ensure that the project will be constructed in accordance with all applicable federal and state regulations and orders of the Commission, including 83 Ill. Admin. Code Part 305, "Construction of Electric Power and Communications Lines," and the NESC. Petitioners testify that contractors hired for the project will be managed via field inspection and construction review, provided by Ameren Services. As a team, Petitioners indicate that the Ameren Services personnel have significant experience in managing this sort of project, and are qualified to ensure that all work meets the various legal and regulatory specifications, and is completed in a competent manner. Petitioners note that no party has questioned their ability to efficiently manage and supervise the proposed construction. Staff agrees that Petitioners are capable of efficiently managing and supervising the construction as evidenced by the other similar projects completed by Petitioners in their service territory. The Commission concurs with this assessment and finds that Petitioners are capable of efficiently managing and supervising the construction process in accordance with Section 8-406(b)(2) of the Act.

VII. FINANCING THE PROPOSED CONSTRUCTION

A. Petitioners Position

Under Section 8-406(b)(3) of the Act, a utility must demonstrate that the project it intends to undertake will not have significant adverse financial consequences for it or its customers. In this case, IP is concerned that if it undertakes the construction of the approximately $29 million project on its own, it would face a risk of adverse impacts on

its financial condition. Rather than take such a risk, IP proposes to undertake the project with AITC. Under Petitioners' proposal, IP would own 10% of the project and AITC would own 90%.

The only party opposing this proposal is Staff, which takes the position that Petitioners have not shown that AITC is capable of funding 90% of the project, and therefore can not recommend approval of Petitioners' financing proposal. Staff believes that IP can fund 100% of the project without significant adverse financial consequences for the utility or its customers. In Docket No. 06-0179, however, Petitioners observe that the Commission approved a financing arrangement whereby AITC financed 90% of the project in that case and IP financed 10%. The Commission found that such an arrangement was reasonable. Petitioners add that the Commission granted AITC authority to operate as a public utility. Because the Commission has found that a financing arrangement similar to the one here is reasonable, Petitioners contend that most, if not all, of Staff's concerns are moot.

Petitioners' acknowledge that it is true that IP alone is capable of financing the proposed construction without significant adverse financial consequences for itself or its customers. This is so, they explain, because given the enactment of the Illinois rate relief legislation and the rating agencies' actions with respect to IP's rating outlooks (specifically Moody's Investors Service ("Moody's") change from review for possible downgrade to positive outlook and Fitch Ratings' ("Fitch") change from negative watch to positive watch), IP could finance 100% of the project without causing a significant material adverse financial effect in the form of a ratings downgrade. Petitioners assert, however, that 1) the rating agencies have only improved the outlooks assigned to IP's ratings – they have not raised the actual ratings; 2) the only IP ratings which are above sub-investment grade, or "junk," are its senior secured/first mortgage bond ratings; and 3) as Staff's analysis acknowledges, the financing of the project will result in some deterioration of key financial measures important in the ratings agencies' analysis of the creditworthiness of IP and the assignment of its credit ratings. Notwithstanding the level of erosion evident in IP's financial condition, Petitioners admit that a ratings downgrade is not a likely result of IP financing 100% of the project.

Whether IP *should* finance 100% of the project is a different question, according to Petitioners. Despite the fact that IP's ratings would not be lowered if it were to finance 100% of the project, Petitioners maintain that it remains the case that important IP financial ratios would be eroded as a result of financing the project. Petitioners are concerned that this could have the effect of delaying the timing of any future rating upgrade, limiting the level of upgrade (i.e. the number of ratings notches), and/or increasing the level of any improvement in financial performance (which is offset by the instant degradation) the rating agencies would need to observe in order to facilitate any upgrade. They point out that after Ameren Corporation's acquisition of IP in 2004, there was an $865 million equity infusion for the purpose of reducing debt at IP and improving its financial health. Before Ameren Corporation's acquisition, Petitioners observe that IP's senior secured rating was B by Standard & Poor's ("S&P") and B1 by Moody's. After Ameren Corporation's acquisition, S&P's issuer credit rating for IP was A- and

Moody's senior secured credit rating was Baa1. Petitioners state that both of these were solid investment grade ratings. Since that time, Petitioners state that IP has experienced a significant decline in its credit ratings and its current ratings remain precariously low. The recent actions of Moody's and S&P have removed negative credit watch and review for possible downgrade for the existing ratings, but have not raised the ratings from their sub-investment grade status (except for the senior secured notes). Petitioners maintain that financing 90% of the project at AITC alleviates a source of negative influence on the ability of IP's ratings to improve and thus its cost of capital to be reduced. This also, they continue, will enhance IP's ability to fund other investments in its infrastructure and do so at lower cost. Petitioners argue that since AITC is a no cost option to IP, its customers, or any future transmission customers, the Commission should approve AITC for this project. Simply stated, Petitioners assert, there is no downside to having 90% of the project funded by AITC. With 100% funding by IP, however, Petitioners fear that financial metrics will be adversely affected and there is the potential that the improvement of ratings could be hindered, thereby increasing costs for customers. Petitioners insist that allowing AITC to finance 90% of the project keeps debt at lower levels than it would be otherwise. They assert further that it also helps improve cash flow because it lowers the amount of interest expense necessary to fund the debt, which helps support ratings metrics.

Petitioners argue that the capability of IP to finance 100% of the project is further challenged because its construction overlaps the completion of the Prairie State transmission project for which IP received approval in Docket No. 06-0179. Prairie State obligates IP to fund generator interconnection service at an estimated cost of $87 million. Petitioners state that the combined financial obligation of both projects increases the incremental debt at IP, provides no incremental cash flow during the construction period, and erodes the ability of IP to maintain investment grade ratings from Moody's and S&P.

IP explains that it can support the construction and related financing of 10% of the project without experiencing significant adverse financial consequences. IP states that it will experience a negligible level of degradation of its financial condition, for the 10% (or $2.9 million) of the project it intends to finance and construct itself (due to the fact that it will be incurring debt, albeit minimal in amount, during the construction phase of the project but will not benefit from any incremental cash flow associated with the project during this time). All else being equal and taken by its self, IP argues that this should not cause it to experience significant adverse financial consequences. Also, IP notes that this amount is small relative to its anticipated level of capital expenditures during this period. Given that the other 90% (or $26.1 million) of the project will be financed and constructed by AITC, a separate legal entity, Petitioners assert that the effects of the related financing will not be reflected on IP's balance sheet.

Once the project is generating cash flow and assuming it is earning an adequate return on equity, IP expects that that cash flow will be helpful in offsetting the negative effects on key financial measures of the related additional indebtedness and interest obligations. Petitioners believe that it is important to note, however, that AITC is not

obligated to transfer its portion of the project to IP upon completion, nor is IP obligated in any way to accept any such transfer. A large part of the deleterious effects on these metrics during construction is the fact the construction expenditures are funded with debt (which accordingly results in additional interest payment obligations) and are not offset by incremental cash flow generation. IP states that its ability to acquire the 90% ownership share of the project once it is placed in service without resulting in financial harm or degradation in its financial performance will depend on how much indebtedness it would assume when acquiring this ownership interest and its debt levels, cash flows (both from the project and otherwise) and capital expenditure plans, among other factors, at that time.

Petitioners maintain that AITC can finance and construct the other 90% of the project without significant adverse financial consequences for it or its customers. AITC is a special purpose entity formed to construct a portion of the Prairie State transmission project. Petitioners indicate that AITC currently has no other service obligations, provides no other service but to construct transmission projects (which, in the case of Prairie State, is financed through advances from that project's sponsor), and has no need to make or fund other capital expenditures to maintain other assets. Additionally, AITC has no outstanding public securities and is not rated. In other words, Petitioners state, there are no adverse consequences to AITC resulting from the levels of debt, revenue, or size of assets on its balance sheet or income statement. Petitioners explain that AITC's funding will be provided by project sponsors (like Prairie State), or under Ameren Corporation's non-state-regulated subsidiary money pool and/or other sources of financing available to Ameren Corporation as described in Notes 5 and 6 to the financial statement contained in Ameren Corporation's 2006 10K.

Petitioners state further that there are no costs to IP for the establishment of AITC to support the construction of the project. Ameren Corporation has created and paid for the establishment of AITC as a registered company in the state of Illinois. Petitioners indicate that no legal fees, accounting fees, or any other charges will be accrued or billed to IP or its customers as a consequence of the day-to-day operations of AITC. Petitioners assert that AITC will not add to the project costs in any way. The formation, establishment, and use of AITC, Petitioners continue, is done solely for the benefit of IP and its customers. Petitioners contend that AITC serves to benefit IP by enhancing IP's ability to maintain its investment grade credit ratings. Petitioners recognize that AITC will have assets under construction, but insist that the magnitude or strength of its balance sheet and income statement is not relevant.

Moreover, Petitioners argue that there would be no affect on IP's customers from weak financial ratios at AITC. IP maintains that it will not be obligated in any manner to support the payment or legal obligations of AITC. Nor will IP be obligated to lend to or provide any form of capital support to AITC. Petitioners point out that AITC does not have any outstanding public securities. Petitioners also claim that the possibility that AITC would default is remote and, therefore, any impact on IP is equally remote. In summary, Petitioners state that the obligations of AITC will be non-recourse to IP, IP will

not be a guarantor of AITC, nor will IP be obligated to lend to or provide any other form of capital support to AITC.

AITC would fund the project at issue here in the manner described below (subject to Commission approval as necessary). AITC states that it would first seek approval to acquire inter-company loans from Ameren Corporation. These will be short-term loans to cover construction needs of the project. These loans will be at interest rates comparable to the short-term borrowing rates that Ameren Corporation has available. In addition, to the extent that IP, Central Illinois Public Service Company d/b/a AmerenCIPS ("CIPS"), or Central Illinois Light Company d/b/a AmerenCILCO have surplus funds and can lend money to the regulated money pool, AITC indicates that it may seek to acquire short-term loans from this source. AITC asserts that there is no impact to it or its customers from this funding arrangement. Moreover, Petitioners insist that there is no difference to Ameren Corporation's ratings due to this project whether it is done at AITC or IP.

Staff recommends that if the Commission finds IP can not fund 100% of the project, the Commission should investigate whether to order IP to suspend dividend payments. If it is unable to pay dividends however, IP fears that its ability, and thus Ameren Corporation's ability, to obtain equity capital will be harmed. Petitioners assert that access to equity capital is an important source of capital to maintain IP's financial health, maintain a balanced capital structure, and continue to provide reliable utility service for its customers. As noted above, after its acquisition of IP, Ameren Corporation made an $865 million infusion of equity capital into IP which IP used to reduce debt, return itself to financial health, and return its ratings to investment grade status. Petitioners state that Ameren Corporation obtained this equity capital from equity investors (a total of $1.3 billion was issued) and Ameren Corporation pays a dividend on this equity capital just as it does for all of its other outstanding common equity. A financially healthy utility, and one with ready access to short-term and long-term sources of capital to finance its needs, is in a better position to provide reliable utility service and make needed investments in its utility infrastructure, according to Petitioners.

In many respects, Petitioners continue, Staff's suggestion that IP could use its dividend payments to fund capital investment like the project creates a higher risk of adverse consequences for IP's finances and ability to provide service. As discussed above, Petitioners assert that a payment of dividends is necessary to provide a reasonable return to equity capital investors. Prior to the 2007 dividend, IP had not provided a dividend payment since the last quarter of 2005. Petitioners state that Staff appears to think that this situation should continue, and the dividend amounts should pay for capital investment instead. According to Petitioners, such an argument is tantamount to saying that IP should provide a zero percent return on equity and which of course would have dire consequences for IP's ability to attract future capital.

Although dividend payments may slightly weaken some of its financial metrics, IP believes that it has shown that the impact of dividend payments to its 2006 financials

would not be substantial, and the resulting financial ratios would be consistent with A or Baa credit ratings from Moody's. Even with the payment of dividends, IP maintains that its debt to capitalization ratios would remain "balanced and reasonable." As a result, Petitioners contend that there is no basis to conclude that IP's dividend payments should be restricted in any way.

With regard to Staff's "Pro Forma Analysis of IP's Financial Metrics" purporting to show that financing 100% of the project would not have a significant adverse affect on IP's financial metrics, Petitioners claim that Staff's analysis is based on unjustified assumptions, such as the assumption that a ratings agency will deem IP "medium risk." Petitioners assert that Staff can not predict what the ratings agencies will do, and so it is reasonable to conclude that IP's future ratings may not be as Staff projects. In Petitioners' opinion, this highlights the importance of using AITC to help finance the project, because AITC's participation can help improve IP's credit metrics.

Petitioners also urge the Commission to reject Staff's policy concerns regarding AITC. They note that the Order in Docket No. 06-0179 considered and rejected many of the same arguments Dr. Rearden makes on behalf of Staff regarding AITC in this case. With regard to Staff's arguments about the Commission's regulatory burden, Petitioners contend that the Commission's resource requirements have varied over time irrespective of the current regulatory framework and the regulated utilities organizational structures. Petitioners state further that over the years the Ameren Illinois utilities have strived to adopt common business practices, including their rates, terms and conditions of service. They assert that one of the consequences of moving to uniform tariffs is to ease regulatory oversight. Instead of three separate and different rate schedules for the Commission and Staff to oversee and regulate, Petitioners state that there are now common basic generation service and delivery service rates among the Ameren Illinois utilities.

Furthermore, Petitioners argue that the nature and extent of the Commission's regulation of AITC will be much less than that of IP. AITC will not serve retail customers in Illinois and will lack rate schedules. In addition, because AITC will not have any rate schedules and will not provide service to retail customers, there will be no opportunity for complaint cases. In short, Petitioners maintain that the extent of the Commission's regulation of AITC is likely to be much less than that of other Illinois public utilities.

Petitioners note as well the Commission statement in Docket No. 06-0179, "issuance of a Certificate to [AITC] will actually give the Commission more oversight authority over [AITC] than is present when the affiliated interest arrangement involves an unregulated affiliate." (Order at 29) Additionally, Petitioners observe that provisions in the Act (e.g., Sections 7-101 and 7-102), as well as Commission rules, govern transactions between the utility and its affiliates. Given that a utility's affiliated interest transactions are closely supervised by the Commission and Commission approval is required with regard to many transactions with affiliates, Petitioners believe that the existence of AITC does not create an opportunity for the utility to unfairly recover the affiliate's so-called high costs through regulated rates. Even if the utility attempted to

recover these "high costs" when it was seeking rate relief, Petitioners assert that the Commission, Staff, and interveners have an opportunity to test the utility's right to recover these costs in a rate case.

Dr. Rearden also argues that "the Ameren utility service areas' transmission system threatens to become a patchwork of mixed ownership and responsibility." (Staff Ex. 7.0 at 5) Petitioners criticize Dr. Rearden for not offering any facts to support his argument. For example, Petitioners contends that his claim that AITC's involvement will blur responsibility for the transmission system is never explained. The Joint Ownership Agreement ("JOA"), which defines IP and AITC's role in the project, was filed with FERC. In terms of AITC's future role or roles, Petitioners state that the Commission can decide what is appropriate on a case-by-case basis. In addition, Petitioners point out that the total Ameren Illinois transmission system is considered one "Control Area" under MISO. Therefore, in calculating the MISO Attachment "O" rate for the Ameren Illinois, operations, all of the Ameren Illinois transmission investment and related operating expenses are combined. Because IP and AITC would be joint owners of the project, Petitioners indicate that they each will receive revenues commensurate with their respective ownership shares. Retail customers who make use of the Ameren transmission system pay for its use through the MISO Attachment "O" adjustment in FERC approved tariffs. As a result, Petitioners aver that IP's customers do not, as Dr. Rearden believes, pay the entirety of the project costs. Petitioners observe that CIPS will proceed with a transmission project without AITC, and so Dr. Rearden's implication that all other Ameren Illinois utilities will use AITC for additional transmission projects is simply wrong.

If AITC is to be granted a certificate, Dr. Rearden recommends that the Commission condition its approval on IP having an open-ended option to buy AITC's assets at book value. Petitioners contend that this recommendation is not necessary. They explain that the transfer of an owner's interest in the project is already governed by the Commission-approved JOA. The JOA provides, in part, that an owner (e.g., AITC) may transfer its interest in whole or in part to another owner (e.g., IP) at book value.

Dr. Rearden also recommends that the Commission condition granting the certificate to AITC and IP on each waiving their right to seek FERC incentive rates on the project. Petitioners urge the rejection of this recommendation as well. They claim that it has never been AITC's intention to serve as a joint owner of the project for the purpose of receiving incentive rates. They state that Ameren Corporation initially formed AITC to assist IP in these projects due to IP's financial instability. To the extent AITC may be entitled to incentive rates, Petitioners argue that it should not be punished. They add that the same rationale holds true for IP. If FERC intends to create incentives for transmission system investment and improvements, Petitioners state that the Commission should not seek to impede this policy.

B. Staff Position

1. Overview

Staff recommends rejecting Petitioners' joint financing proposal because it fears that the financing arrangement could result in significant adverse financial consequences for AITC as well as IP's customers. Staff observes that AITC will not generate any revenues until 2011; consequently, AITC will rely upon internal borrowing arrangements with its utility affiliates, including IP, and Ameren Corporation to fund its 90% share of the project. Staff is not convinced by Petitioners' arguments that AITC's sources of funds will be sufficient for its share of the project or that advancing those funds to AITC will not have a detrimental effect on AITC's Illinois utility affiliate creditors. Staff also finds it ironic that IP could end up providing more than its proposed 10% share to fund the project through the Ameren Corporation money pool, even though Petitioners claim that requiring IP to directly fund more than $2.9 million of the project cost would delay the strengthening of IP's credit ratings.

Staff asserts that, in the instant docket, only a credit rating downgrade to IP would constitute "significant adverse financial consequences" for the utility and its customers. Staff and Petitioners agree that IP is capable of funding 100% of the project without a credit rating downgrade. As such, Staff states that requiring IP to fund 100% of the project cost would not have significant adverse financial consequences on IP or its customers. Thus, Staff recommends that IP fund 100% of the project.

Staff also observes that IP's Board of Directors declared dividends at IP in an amount not to exceed $73 million, or more than twice the project cost, payable on December 28, 2007. Staff believes a lawful declaration and payment of common dividends of this magnitude relative to the cost of the project is sufficient evidence that IP can fund 100% of that project cost without significant adverse financial consequences for itself or its customers. If the Commission approves the joint financing proposal on the grounds that IP can not finance more than 10% of the project without significant adverse impacts to itself or its customers, Staff recommends that the Commission initiate an investigation of IP's financial ability to pay dividends to Ameren Corporation without impairment to the utility's ability to perform its duty to render reasonable and adequate service at reasonable rates as required by Section 7-103 of the Act.

2. Significant adverse financial consequences

Staff witness Phipps testifies that the word "significant" in Section 8-406(b)(3) of the Act suggests that *any* weakening in IP's financial metrics is not a sufficient condition; rather, the magnitude of a weakening in IP's financial metrics should be considered. She testifies that IP has been assigned a Ba1 issuer credit rating and Baa3 senior secured credit rating from Moody's. As such, significant adverse financial consequences for IP and its customers would occur if IP's financial metrics weakened

enough that its Moody's issuer credit rating could be downgraded from Ba1, and that its Moody's senior secured credit rating could be downgraded to Ba1 or lower.

Because Petitioners concede, however, that IP could finance 100% of the project without a credit rating downgrade, Staff recommends that the Commission reject Petitioners' argument that IP's participation in financing the project should be limited to 10% because directly funding more than that would delay or even prevent IP's credit rating from rising. In Staff's view, maintaining a current credit rating does not qualify as a significant adverse financial consequence for IP or its customers. If Petitioners' proposed legal standard was valid, Staff avers that it would be virtually impossible for any utility to obtain a certificate to construct new facilities: construction usually requires initial cash outlays prior to generating revenues, which would likely weaken the utility cash flow metrics and leverage ratios that rating agencies consider when assigning credit ratings. Staff finds IP's definition of "significant adverse financial consequences" too stringent and urges its rejection.

3. IP's Ability to Financing 100% of the Project

Staff complains that IP did not analyze the impact that financing 100%, 10%, or any other percentage of the project would have on its financial measures and credit ratings. From what it characterizes as a cursory, qualitative review of the effect that new indebtedness would have on IP's financial metrics, Staff asserts that Petitioners conclude that key financial metrics would be harmed if IP funded any more than 10% of the project. In contrast, Staff states that it quantified the effect financing the project would have on IP's financial condition by analyzing IP's current and pro forma financial metrics. Staff concludes that IP is capable of funding 100% of the project without any adverse financial consequences for the utility or its customers even if debt is the entire source of funding, the interest rate on that debt is as much as 8.25%, and the project cost is as high as $40 million.

Ms. Phipps examined the following financial metrics that Moody's uses in its quantitative analysis of electric utilities, and for which Moody's provide guidance as to the ranges for those financial metrics that may generally be seen at different rating levels: (1) funds from operations ("FFO") interest coverage; (2) FFO to debt; (3) retained cash flow ("RCF") to debt; and (4) debt to capitalization. To assess the impact new indebtedness would have on IP's financial condition, she compared IP's actual 2006 ratios and the pro forma ratios to those four key financial metrics that Moody's publishes for medium risk electric utilities. The results of Ms. Phipps' analysis appear in the following table:

Pro Forma Analysis of IP's Financial Metrics
Assuming IP Funds 100% of the LaSalle-Ottawa Project

	2006 Form 10-K	Pro Forma - $40MM New Debt @ 8.25%	Implied Moody's Credit Rating for Medium Business Risk
FFO Interest Coverage	4.2X	4.0X	A/Baa
FFO / Debt	12%	12%	Ba
RCF / Debt	12%	12%	Baa
Debt / Capitalization	42%	43%	A

Ms. Phipps testifies that funding 100% of the project with debt would not have a significant adverse affect on IP's financial metrics because only two of four metrics would weaken, which would not change IP's implied credit rating. In fact, she continues, both of the weakened financial metrics would remain strong relative to the ratios investors would expect given IP's current Moody's issuer rating of Ba1. Specifically, Ms. Phipps states that the pro forma FFO interest coverage is less than IP's 2006 ratio, but remains within the range for A-rated electric utilities (i.e. 3.5X-6.0X), and the pro forma debt to capitalization ratio rises one percentage point, but also remains within the Moody's range for A-rated electric utilities (i.e. 40%-60%).

Ms. Phipps explains further that although incurring new debt and reducing cash flow may weaken certain financial metrics, those changes do not necessarily warrant a lower credit rating. Staff reports that Moody's publishes company-specific ratings reports describing qualitative and quantitative factors underlying its credit ratings and bulletins following events that could impact credit ratings. Those reports allow investors to draw educated inferences regarding the impact that business decisions (e.g. incurring new debt) and external factors (e.g. rate freeze legislation) have on a company's credit ratings. Ms. Phipps argues that nothing in IP's credit rating reports suggest having AITC finance the project would provide any protection to IP against further credit rating downgrades. Significantly, she adds, IP has not been sufficiently concerned about its capability to finance the project in whole or part to even discuss that issue with the rating agencies.

Staff cites IP's own financial records to discredit the argument that the joint financing proposal is necessary because IP has little capacity to absorb additional debt despite Petitioners admission that IP could fund the entire project without a credit rating downgrade. Initially, Staff notes, IP determined that it could fund only 10% of the project because it could afford only a 1% increase in total debt, or $10 million at year-end 2005. Yet, Staff observes, IP's debt balance increased by 15% (or $158 million) between December 31, 2006, and June 30, 2007. Furthermore, Staff reports that since December 31, 2006, IP's short-term debt balance alone grew from $75 million to $288

million. Despite IP's growing debt balance, Staff relates that the credit rating agencies' opinion of IP has improved since December 2006. Specifically, Fitch, S&P, and Moody's revised the outlook for IP to positive from negative and removed IP's ratings from review for downgrade following the enactment of the customer rate relief legislation. According to Staff, those recent rating actions during a period of increasing leverage for IP suggests that Petitioners exaggerate the significance of incurring $30 million of new indebtedness for the project relative to the customer rate relief legislation on credit rating actions by Moody's. Staff also comments that in December 2007, IP had sufficient cash on hand to finance 100% of the cost of the project without incurring a single additional dollar of debt, yet Ameren Corporation had other plans for that cash.

4. IP's $73 Million Common Dividend Payment

Staff asserts that Petitioners' financing proposal does not eliminate the risk that IP's financial metrics might deteriorate. Staff points out that Petitioners agree that a common dividend payment by IP to its parent company would also weaken IP's debt to capitalization ratio and its RCF to debt ratio from a creditworthiness standpoint. Nevertheless, IP's Board of Directors acted by unanimous written consent without a meeting on October 11, 2007 to declare dividends at IP in an amount not to exceed $73 million. IP paid the common stock dividends in December of 2007. Staff reports further that Ameren Corporation's financial projections assume IP will pay Ameren Corporation $80 million in common dividends during 2008, $67 million in 2009, $72 million in 2010, and $57 million in 2011.

Staff relates that Section 7-103(2)(b) of the Act clearly indicates that utility service is a higher priority than the payment of dividends:

> No utility shall pay any dividend upon its common stock and preferred stock unless…the dividend proposed to be paid upon such common stock can reasonably be declared and paid without impairment of the ability of the utility to perform its duty to render reasonable and adequate service at reasonable rates.

Under the Act, Staff asserts that a dividend is lawful if and only if it can be declared and paid without impairment of the ability of the utility to perform its duty to render reasonable and adequate service at reasonable rates. If IP can lawfully declare and pay a $73 million common dividend, Staff argues that IP can finance 100% of a $29 million transmission project without significant adverse impacts on itself or its customers. In fact, Staff continues, if IP had paid a $44 million common dividend (i.e., $29 million less than the $73 million common dividend it had declared on October 11, 2007), IP would have all the cash it would need to finance the cost of the project without incurring a single dollar of indebtedness. Instead, Staff observes, IP placed Ameren Corporation's desire for a common dividend ahead of IP's objective of reducing (or at least not increasing) IP's indebtedness. If IP's need to manage its indebtedness is as great as it argues, Staff maintains that IP should have reduced, if not shelved, its December 2007 common dividend.

If IP - a utility with assets exceeding $2 billion and annual revenues exceeding $1.5 billion - is not capable of funding the $30 million project, Staff submits that IP's ability to pay dividends without impairing its ability to perform its duty to render reasonable and adequate service at reasonable rates is highly questionable. In Staff's judgment, indirectly funding a project that it claims it can not directly afford could impair IP's ability to perform its duty to render reasonable and adequate service at reasonable rates as required by the Act. Thus, should the Commission adopt Petitioners' joint financing proposal, Staff recommends that the Commission initiate an investigation under Section 7-103 of the Act to ensure IP is capable of performing its duty to render reasonable and adequate service at reasonable rates, as required by the Act.

5. AITC's Ability to Finance the Project

Staff relates that Petitioners' own analysis shows that the joint financing proposal would have more significant adverse financial consequences on AITC than IP. Specifically, Staff reports that the total project cost is very small relative to IP's assets and revenues, i.e. the project cost is approximately 1.5% of IP's assets, which exceed $2.0 billion, and less than 2.0% of its revenues, which exceed $1.5 billion. In contrast, Staff understands AITC's financial projections show no revenues are expected until at least 2011. Yet, Petitioners' financing proposal would require AITC to fund 90% of the total cost even though new indebtedness would affect AITC's cash flows and balance sheet in the same manner as it would IP. In other words, borrowing to fund the project reduces cash flows and increases the debt balance and interest expense for IP and AITC.

Staff points out Petitioners' acknowledgement that financial ratios for AITC were not considered or developed. Staff notes that Petitioners offered the following explanation to justify the lack of quantitative support for the financing proposal:

> No schedules or workpapers have been prepared as [AITC] has no publicly issued debt and therefore no public investors. The impact of [AITC's] financing any portion of the Project is consolidated as part of Ameren Corporation's total balance sheet, income and cash flow statements. Whether [AITC] finances 0%, 90% or 100%, [AITC] or Ameren Corporation is indifferent. Debt from any operating subsidiaries is consolidated at the Ameren Corporation corporate level. The presence or absence of [AITC] has no financial impact on the financial measures of Ameren Corporation and hence no difference to its credit ratings. [AITC's] financing of 90% of the Project alleviates the financial pressure on [IP], where ratings improvement is sought. (Staff Cross Group Ex. 1)

Staff argues that Petitioners' rationale is flawed because it only considers the effect the project has on Ameren Corporation, which is legally irrelevant because Ameren Corporation is not even a utility under the Act. Further, Staff adds, it fails to consider the effect on the utility (AITC) and IP's customers. Staff maintains that because the

financing proposal would result in AITC funding 90% of a project that will serve IP's retail customers, AITC's financial fitness is relevant. Moreover, Staff maintains that Ameren Corporation should be indifferent as to the extent either IP or AITC fund the project because Ameren Corporation's financial statements consolidate the financial statements of all of its operating subsidiaries regardless of whether the project is funded jointly or individually. Thus, Staff urges the Commission to reject Petitioners' rationale for discounting the importance of any significant adverse financial consequences for AITC or its customers that could result from approval of the joint financing proposal.

As noted above, Petitioners indicate that AITC would borrow the funds necessary for the project either from Ameren Corporation or use Ameren Corporation's utility money pool. Staff observes, however, that both borrowing mechanisms depend, in part, on cash flows generated by IP, which contradicts Petitioners' position that IP can not afford to fund more than 10% of the project. Specifically, Staff states that the availability of funds in the utility money pool depends on the Ameren Illinois utilities' level of surplus funds. Staff adds that Ameren Corporation's internally generated funds are the dividend payments from its operating subsidiaries, including IP.

Using IP's surplus funds, i.e. cash on hand, to either make loans to affiliates or pay dividends to its parent company rather than paying down its debt balance could, according to Staff, more severely limit future improvements to IP's credit rating than funding the project. Staff points to IP's admission that each of the following ratios would be stronger if IP used surplus funds to repay a portion of its currently outstanding indebtedness: (1) FFO to debt; (2) FFO interest coverage; (3) debt to capitalization; (4) RCF to debt; and (5) RCF to capital expenditures. In contrast, Staff's analysis of IP's financial metrics assuming it funds 100% of the $30 million project found that only two of the financial metrics would be negatively affected. Furthermore, Staff asserts that funding 100% of the project would impact IP's financial metrics to a lesser degree than would the $73 million dividend payment that IP made to its parent company during December 2007. Staff is perplexed by IP's positions that it can not afford to borrow $30 million for the project because incremental debt could limit its potential for higher credit ratings, but, at the same time, to the extent IP has surplus funds available, those funds may be borrowed by affiliates rather than used to pay down IP's existing indebtedness.

In addition, Staff disagrees with Petitioners conclusion that the Commission's Order in Docket No. 06-0179 renders Staff's concerns regarding the financing proposal in this case moot. Ms. Phipps contends that Petitioners mischaracterize the Prairie State financing proposal as "substantially similar" to the instant proposal. She notes that there are significant differences between the Prairie State financing proposal and the instant proposal that may render AITC incapable of funding the LaSalle-Ottawa project without significant adverse financial consequences to the utility or its customers. Ms. Phipps explains that under the Prairie State financing proposal, (1) the project sponsor, Prairie State (i.e., the generator), will advance the total cost of the Prairie State construction project ($89 million), which Petitioners are not required to repay until the project generates revenues; and (2) AITC's sole customer is the generator. Because there is only one customer, Ms. Phipps states that ratepayers are unaffected by any

negative financial consequences related to AITC funding 90% of the Prairie State project. In contrast, under the LaSalle-Ottawa financing proposal, she asserts that AITC would incur new indebtedness that requires debt service payments prior to generating any revenues; and the project is to serve IP's retail customers rather than a generator, meaning whether AITC is capable of funding 90% of the project without significant adverse financial consequences would affect IP's retail customers. Ms. Phipps states that Petitioners do not address this aspect of the financing proposal for the LaSalle-Ottawa project despite the Order in Docket No. 06-0179 stating that the Commission is more concerned about impacts on customers who are ratepayers than those who are not.

6. Policy Issues Concerning AITC

According to Staff, allowing AITC to fund 90% of the project provides no benefits to ratepayers, while it creates the potential to harm ratepayers through higher economic and social costs. Staff witness Rearden testifies that one source of higher costs to IP ratepayers could be that since AITC's rates will be determined by the Federal Energy Regulatory Commission ("FERC"), AITC's 90% ownership of the proposed transmission line increases the likelihood that FERC will grant incentive rates to AITC in the form of a higher return on equity ("ROE") for the project. Dr. Rearden remarks that FERC is more likely to grant an incentive rate to a transmission company that is independent from a utility; that is, to the extent AITC is regarded as independent from IP by FERC, then AITC is more likely to receive incentive rates from FERC. Staff fears that those higher costs could be passed through to IP's ratepayers as those are the customers that will be served by the new transmission line. To prevent IP ratepayers from incurring higher rates due Petitioners' joint financing proposal, Dr. Rearden recommends that if the Commission agrees to grant the certificate to AITC, that it be conditioned upon IP and AITC waiving its right to seek incentive rates.

Dr. Rearden also opines that involving AITC could raise ratepayers' costs because there is always a risk of affiliate abuse. He comments that affiliate transactions provide a motive and the opportunity to shift costs to the affiliate where they are more easily recovered and to shift revenues to the affiliate where they are more easily shielded from regulators than transactions between unaffiliated parties. One way that Dr. Rearden believes that the joint financing proposal could raise rates is if IP buys out AITC's share of the project at a price above book cost. As a result, Staff recommends that if the Commission grants the petition, its approval be conditioned upon prohibiting AITC from selling this project or any other asset to IP for a price above book value.

Finally, Dr. Rearden described one reason for higher social costs--an additional affiliate to monitor makes the Commission choose either less monitoring overall to accommodate the new affiliate or spend more resources on monitoring.

C. Commission Conclusion

As discussed above, before it can issue a certificate, the Commission must determine that the utility seeking the certificate "is capable of financing the proposed construction without significant adverse financial consequences for the utility or its customers," as required by Section 8-406(b)(3). In this proceeding, two utilities, IP and AITC, seek to jointly finance the construction of two transmission lines and profess to be able to do so without suffering significant adverse financial consequences to themselves or their customers. The Commission has considered the arguments of Petitioners and Staff on this issue and finds merit in the arguments of both.

As the Commission understands it, the potential adverse impact for IP from financing 100% of the proposed project is a potential delay in any improvements to its credit rating. For this reason, Petitioners propose that IP finance only 10% of the project and AITC finance the remaining 90%. The question for consideration under the Act, therefore, is whether IP, AITC, or their customers would suffer significant adverse financial consequences as a result of the proposed financing arrangement.

In its analysis, Staff focuses on whether IP could finance the entire project itself rather than on the proposed financing arrangement between IP and AITC. Among its arguments, Staff denies that the possibility of a delay in an improvement to a credit rating warrants IP sharing the financing with AITC. Staff insists that such a delay does not constitute a *significant* adverse financial consequence. The Commission concurs with Staff's view on this point. Staff is also correct that construction on this scale usually requires initial cash outlays prior to generating revenues, which would likely weaken a utility's cash flow metrics and leverage ratios that rating agencies consider when assigning credit ratings. The Commission agrees further with Staff that this fact alone should not be considered a significant adverse financial consequence. But despite the Commission's concurrence with Staff on these points, these points do not directly address the financing arrangement proposed by Petitioners and therefore do not answer the question posed by the Act. The fact that IP acknowledges that it *could* finance 100% of the project without experiencing a credit ratings downgrade as a direct result is meaningful, but does not alter the Commission's view of what the Act requires of it. IP's ability to finance the entire project itself becomes relevant if the Commission determines that AITC can not finance 90% of the project as proposed or if AITC opts out of the project as a result of rejecting a condition imposed on its involvement.

In the Commission's view, what Petitioners have proposed here is essentially a financing tool to decrease the amount of debt on IP's balance sheet. A variety of financing tools could be used to construct the transmission lines at issue and more than one could satisfy Section 8-406 of the Act. Given that the total project cost is very small relative to IP's assets and revenues (the project cost is approximately 1.5% of IP's assets, which exceed $2.0 billion, and less than 2.0% of its annual revenues, which exceed $1.5 billion), the Commission finds that IP could finance 10% of entire project without a *significant* adverse financial consequence to itself or its customers. While IP could finance the entire project, in light of IP's financial condition and other

circumstances of record, forcing IP to do so does not appear to be warranted assuming an alternative is available and is otherwise reasonable.

With regard to AITC being able to finance 90% of the project, in the absence of conventional debt, credit ratings, and retail customers, it appears to the Commission that AITC does not face the same potential adverse impacts as IP. Furthermore, even assuming AITC was adversely affected by incurring the debt necessary to finance 90% of the project, there does not appear to be any likelihood that those adverse consequences for its "customers" would involve actual harm to ratepayers. That is, the Commission is more concerned about impacts on "customers" who are ratepayers than those who are not. Since Petitioners indicate that AITC will acquire funds from Ameren Corporation itself or the Ameren Corporation money pool, the Commission recognizes that it is theoretically possible that IP could fund more than 10% of the project through loans of excess cash to the money pool. The Commission, however, considers the likelihood of that happening to be low and understands the structure of the money pool to be sufficient to protect IP ratepayers in the event that AITC defaults in paying back its loan from the money pool. In any event, given the structure proposed for financing this project and the facts presented with regard to AITC's existing financial situation, the Commission finds that AITC has the ability to finance 90% of the proposed transaction without significant adverse financial consequences to itself or its customers.

With regard to the issue of affiliate transactions, the Commission is sensitive to the possibility of adverse impacts on utility customers, and believes the types of concerns raised by Staff are worthy of close review. In this instance, however, upon consideration of the nature of the transaction and the terms of the JOA approved in Docket No. 06-0179, it does not appear that the potential for such adverse impacts on customers is more significant than in other affiliated interest transactions subject to Commission oversight. Additionally, unlike most affiliate transactions, here both entities would be public utilities under the jurisdiction of the Commission.

In conclusion, based on the record in this case and the findings in this and other sections of this Order, the Commission believes that the issuance of a certificate to both IP and AITC, with 90% of construction costs to be funded by AITC, represents, on balance, a reasonable proposal that would allow both companies to finance the proposed construction without significant adverse financial consequences for them or their customers. Accordingly, the Commission concludes that a Certificate of Public Convenience and Necessity should be issued to both IP and AITC consistent with the above conclusions. This conclusion should not be viewed as setting the stage for an affiliate such as AITC to be necessary for all future transmission line projects. The Commission will continue to consider petitions for such relief on a case-by-case basis.

The issuance of the certificate, however, is not without conditions. Staff raises a legitimate concern over incentive rates from FERC. Petitioners contend that they did not propose this financing method as a way to increase their odds of obtaining incentive transmission rates from FERC, but still oppose any limitation on receiving incentive rates if they are eligible for such rates. Staff urges the Commission to require

Petitioners to waive any incentive rates since they profess to not be seeking such rates anyway. The Commission shares Staff's concern. The choice of a funding mechanism for such projects should not lead to higher rates for customers. IP needs no incentive to construct the transmission lines. The record is clear that IP must do so in order to provide safe and reliable service to a portion of LaSalle County. IP should therefore not be allowed to earn a higher ROE on this transmission investment simply for doing what it had to do anyway. AITC should also be restricted from seeking incentive rates since its involvement is not absolutely necessary in this project as IP acknowledges that it could finance the project on its own. As a company legally independent from any Ameren Corporation incumbent utility, Staff is rightfully concerned that AITC may decide to take advantage of FERC's preference for independent transmission companies and seek incentive rates. Accordingly, the Commission conditions the grant of the certificate on both IP and AITC foregoing any opportunity to seek incentive rates from FERC in connection with this project. If Petitioners are amenable to this condition, they shall submit a compliance filing in this docket within 60 days of entry this Order.

With regard to Staff's suggested condition that AITC be required to sell its portion of the transmission lines to IP at book value, the Commission recognizes that the JOA already contains this provision. The Commission will nevertheless include this as a condition as an added precaution. The Commission also conditions the granting of the certificate on AITC giving IP the first option to purchase AITC's portion of the transmission lines at book value if AITC ever decides to sell its portion. The Commission further requires Petitioners to submit as a compliance filing within 60 days of entry of this Order a revised JOA reflecting the construction of the two transmission lines in LaSalle County consistent with language set for in Petitioners Initial Brief at page 57.

Finally, the Commission will not in this proceeding direct that an investigation into IP's ability to perform its duty to render reasonable and adequate service at reasonable rates be initiated. The Commission is not convinced that the record warrants such action at this time. If, however, Staff believes that such action is indeed warranted, the Commission invites Staff to prepare a report setting forth all supporting facts and submit it for the Commission's consideration.

VIII. SECTION 8-503

Section 8-503 of the Act allows the Commission to issue an order, after hearing, authorizing the construction of new facilities or improvement, repair, modification, or extension of existing facilities. The Commission must find that such construction, improvement, repair, modification, or extension is necessary to promote the security or convenience of its employees or the public, or is in any other way necessary to secure adequate service or facilities. A Section 8-503 finding is separate and distinct from a certificate issued under Section 8-406 of the Act. Petitioners seek an order under Section 8-503 authorizing the construction of the transmission lines.

A. Petitioners Position

Since they believe that they have established that the project is necessary and because no intervenor opposed their request for relief under Section 8-503, Petitioners maintain that an order authorizing the construction of the project should be granted over Staff's objections. Staff has expressed concern that in seeking an order under Section 8-503, Petitioners are in fact requesting eminent domain authority. Petitioners recognize that an order under Section 8-503 is one prerequisite for exercising eminent domain authority under Section 8-509 of the Act. Section 8-509 provides in relevant part:

> When necessary for the construction of any alterations, additions, extensions or improvements ordered or authorized under Section 8-503 or 12-218 of this Act, any public utility may enter upon, take or damage private property in the manner provided for by the law of eminent domain.

Petitioners maintain, however, that a Section 8-503 order is not the sole prerequisite for eminent domain authority – a utility must also show it has engaged in good faith negotiations. Moreover, Petitioners point out that they are not seeking eminent domain authority in this proceeding and do not expect that an order in this proceeding would grant such authority. Although Staff witness Linkenback views the petition as requesting eminent domain and recommends that the Commission grant IP eminent domain authority for certain parcels, Petitioners state that they have determined that it would be more appropriate at present to continue pursuing negotiations with the applicable landowners. Petitioners agree that eminent domain could ultimately be needed and that individual property owners should not be able to block projects that are in the public interest or unreasonably increase the cost of such projects. Therefore, Petitioners indicate that they will not hesitate to ask the Commission for eminent domain authority if such authority is needed. Petitioners do not believe that it is inappropriate to seek a Section 8-503 order in this proceeding, and obtain eminent domain authority, if necessary, in another. (See Illinois Power Company d/b/a AmerenIP, Docket No. 06-0179, Order at 40 (authorizing Ameren to construct a transmission line project pursuant to Section 8-503 and stating "[i]f Petitioners later determine there is a need to seek eminent domain, they will need to obtain Commission authorization before doing so."))

According to Petitioners, Staff's concerns arise from a misunderstanding of the necessary approvals required from the Commission to obtain eminent domain authority. Staff believes that Section 8-509 of Act warrants the "conclusion that a separate proceeding to apply for eminent domain authority would be limited to making a determination as to whether the Commission has entered an order under Section 8-503." (Staff Ex. 5.0 at 14) Petitioners assert that this is not a proper interpretation. Petitioners state that Illinois case law confirms that Commission approval is required before a utility seeks to condemn. (Petitioners direct the Commission's attention to Illinois Bell Tel. Co. v. Lewis, 117 Ill. App. 3d 72 (4th Dist. 1983).) Moreover, they continue, utilities seeking eminent domain authority must expressly request a grant of such authority pursuant to Section 8-509 of the Act, either in conjunction with a petition

seeking a Section 8-503 order or in a separate proceeding. (See, for example, Docket No. 90-0022 (Oct. 3, 1990) and Docket No. 95-0484 (July 17, 1996)) Section 8-509 authorizes a utility to exercise the power of eminent domain when necessary for construction of facilities pursuant to a Section 8-503 order. Thus, under the language of 8-509 a utility must receive a Section 8-503 order to obtain approval from the Commission to exercise the power of eminent domain. Petitioners aver, however, a review of past Commission orders shows that a Section 8-503 order is not the sole prerequisite for a Commission grant of eminent domain authority.

In order to obtain condemnation authority, Petitioners assert that a utility must, in general, demonstrate the need for the project and that the utility has engaged in good faith negotiations with the relevant landowners, but can not obtain the necessary land rights. Petitioners contend that a showing of the need for a project can be accomplished by obtaining a Section 8-503 order. As a practical matter, however, Petitioners suggest that the Commission may find that a utility's receipt of a certificate under Section 8-406 is enough to show the need for a project. (See Docket No. 95-0484) To support their claim that a showing of successful good faith negotiations must be made, Petitioners rely on Docket No. 96-0410 (May 6, 1998), Docket No. 06-0458 (April 4, 2007), and Docket No. 06-0470 (April 4, 2007). Petitioners state that the good faith negotiations inquiry has focused on the number and nature of contacts between the utility and landowners, whether the utility has explained the basis for the compensation offered to landowners, attempted to address the concerns of landowners, and made comparable offers to landowners with similar circumstances, and the likelihood that further negotiations would prove useful in arriving at negotiated settlements. (See Docket No. 90-0022 (Oct. 3, 1990), Docket No. 91-0113 (May 16, 1991), and Docket No. 95-0484 (Jul 17, 1996))

Petitioners submit that the utility must typically also show that condemnation authority will be required to obtain certain properties. In many Commission cases regarding eminent domain authority, Petitioners state that the utility has, after obtaining a Section 8-406 certificate or Section 8-503 order, identified specific parcels where eminent domain would be required and explained why negotiations for those parcels would not be successful. (See Docket No. 90-0022 (Oct. 3, 1990) and Docket No. 91-0113 (May 16, 1991)) In a more recent ComEd case, where ComEd sought both a Section 8-406 certificate and Section 8-509 eminent domain authority, Petitioners report that ComEd received Section 8-509 eminent domain approval only after showing that many landowners refused to negotiate and it was "likely" that condemnation would be needed. (See Docket No. 96-0410 (May 6, 1998))

In response to Staff's reliance on Docket No. 05-0188 for the proposition that all that is required for a grant of eminent domain authority is a Section 8-503 order, Petitioners reiterate that the Commission has traditionally examined whether a utility has negotiated in good faith, as well as whether the need for a project has been shown and an order issued under Section 8-503. In Docket No. 06-0458 and Docket No. 06-0470, Petitioners point out that the Commission expressly considered the need for the project at issue separately from the issue of good faith negotiations. Thus, to the extent

that the Order in Docket No. 05-0188 can be read as authorizing eminent domain authority based only on obtaining a Section 8-503 order, Petitioners argue that it is not consistent with the weight of Commission authority on the subject.

Petitioners agree that in some cases it may be appropriate (and even beneficial) for a utility to seek Commission approval for eminent domain in the same proceeding as the utility seeks a Section 8-406 certificate and/or a Section 8-503 order. Petitioners state that a utility must be permitted, however, to maintain flexibility with regard to when it seeks Section 8-503 authority and when it determines that eminent domain authority is needed. Petitioners argue that it may not be practical for a utility to determine what parcels will be needed for a route until a certificate has been granted and a route selected (for this reason Petitioners explain that they seek options on parcels that they believe will be needed for a route.) Thus, they note, separate eminent domain proceedings are typically needed.

In response to Staff's concern that once a Section 8-503 order is issued, a landowner can not effectively challenge a petition for eminent domain authority, Petitioners counter that seeking a Section 8-503 order and eminent domain authority in separate proceedings actually provides landowners two opportunities to challenge a grant of eminent domain. Since a Section 8-503 order is a prerequisite for eminent domain authority, Petitioners submit that including such a request in a petition under Section 8-406 alerts the landowner to the possibility of eminent domain, and allows a landowner to intervene with concerns about routing or other issues. Even though they are not seeking eminent domain authority in this proceeding, Petitioners point out that a large number of landowners have intervened and doubt that the "record has suffered." Petitioners state further that the landowner can later challenge a petition for eminent domain authority before the Commission on the grounds that the utility has not negotiated in good faith. The landowner, Petitioners continue, can further contest the grant of eminent domain (and the valuation of the property) in the circuit court eminent domain proceeding. In fact, Petitioners contend that a landowner's ability to challenge an eminent domain approval in a separate proceeding provides IP with a significant incentive to begin good faith negotiations sooner. If IP can successfully conclude good faith negotiations, Petitioners state that they avoid the time and expense of having to go to the Commission to seek eminent domain approval in a second proceeding (much less the time and expense of a circuit court eminent domain proceeding). A separate eminent domain proceeding is beneficial, Petitioners add, because it will be limited to those parcels for which they have concluded that good faith negotiations are likely to be unsuccessful. Thus, Petitioners conclude, their approach of seeking a certificate and Section 8-503 order now, and seek eminent domain authority later if necessary, is the right approach under the circumstances of this case.

B. Staff Position

Staff does not oppose granting the relief that Petitioners seek under Section 8-503. Staff, however, does question whether Petitioners should have also requested eminent domain authority pursuant to Section 8-509. Staff recommends that the

Commission grant Petitioners Section 8-503 authority but also state in its order that it understands that by giving Petitioners the approval it requests in this proceeding, they will also have eminent domain authority and for future certificate and Section 8-503 filings, Petitioners should state in their petition that they are requesting eminent domain authority under Section 8-509.

In explaining its confusion on this issue, Staff notes that the Commission has granted the power of eminent domain to public utilities numerous times over the years. But Staff is unclear whether the Commission only wishes to hear from the utility in a Section 8-406 certificate and Section 8-503 proceeding or whether it also wants landowners to actively participate. Given that property rights are involved, Staff recommends that the Commission make its procedure clear to all participants involved and give landowners the full opportunity to participate in the process.

Staff's concern stems in part from its reading of Section 8-509. According to Staff, the language in Section 8-509 leads to the conclusion that a separate proceeding to apply for eminent domain authority would be limited to making a determination as to whether the Commission has entered an order under Section 8-503. If that reading is correct, Staff states that a petition for Section 8-509 eminent domain authority would simply need to reference the prior Commission order under Section 8-503. Under that scenario, it is not clear to Staff that landowners would understand the implication of the Section 8-503 proceeding until the second proceeding, under Section 8-509, was initiated. Staff fears that landowners, who might participate if they believed eminent domain was an issue, may be unaware of the consequences of a Section 8-503 order, and thus choose not to participate in a Section 8-503 proceeding. Staff asserts that making the process as transparent as possible is beneficial to both the Commission and landowners. Staff submits that the participation of landowners will help to assure the Commission that it has a full and complete record so that it can make a fully informed decision about the line route. Staff states further that landowners should have an opportunity to participate because their property rights are at issue. By requiring a utility to state in its petition that it is requesting Section 8-509 eminent domain authority, Staff asserts that the Commission will remove any question as to whether the affected landowners understand the consequences of the proceeding.

After reviewing some recent Commission orders, Staff points out that requests for relief under Sections 8-503 and 8-509 have been treated differently in various dockets. The first difference Staff identifies is the various views of how eminent domain authority is derived. The second difference Staff discerns is the emphasis placed upon the requirement for a reasonable attempt to acquire the property.

With regard to the first difference, Staff reports that in Docket No. 05-0188 the authority for eminent domain was derived from the grant of authority or direction to construct granted under Section 8-503. In Docket No. 06-0179, Staff relates that eminent domain was treated as though it were a separate issue to be addressed later in a separate Section 8-509 proceeding. In two recent petroleum pipeline cases (Docket Nos. 06-0458 and 06-0470), Staff observes that eminent domain authority was

requested in the petition under Section 8-509, but the analysis was part of the Section 8-503 analysis.

Staff recommends that the Commission address how public utilities and common carriers should proceed when requesting relief under Sections 8-406, 8-503, and 8-509. Staff advocates that the Commission find that the public utilities and common carriers should request the relief simultaneously in one docket. This would allow the public utility or common carrier, Staff, and any intervenors equal opportunity to address all the issues in one proceeding.

In support of its position, Staff states that once an order has been issued under Section 8-503, it can perceive no argument that could be raised by a landowner to effectively challenge the use of eminent domain for a piece of property on the approved route. While a landowner could argue that the utility has not engaged good faith negotiations, Staff believes that a finding in the landowners favor would only delay eminent domain until the utility conducted such negotiations. Staff doubts that a landowner could ever truly succeed in a Section 8-509 proceeding because it would mean that part of a transmission line previously approved in a Section 8-503 proceeding could not be built or would have to be rerouted. Staff's reason for recommending that the Commission address Sections 8-503 and 8-509 simultaneously is to provide the landowners with the maximum opportunity to participate in the Commission proceedings. Staff finds landowners to be a valuable source of information regarding the line route itself.

With regard to the second difference, the emphasis placed upon the requirement for a reasonable attempt to acquire the property, Staff states that in Docket No. 05-0188, the Commission based its eminent domain decision on Section 8-503 and whether "the project is of such importance and necessity so as to direct the utility to complete it, using eminent domain if necessary." (Order at 6) Staff relates that the Commission did not address reasonable attempts to acquire the property other than to state that "[t]he evidence suggests that the owners of these parcels are not likely to be intimidated by the threat of legal proceedings." (Id. at 5) In the petroleum pipeline dockets, Docket Nos. 06-0458 and 06-0470, Staff indicates that the Orders emphasized whether good faith negotiations had been conducted--connecting good faith negotiations with the public convenience prong of Section 15-401(b) of the Act. In Docket No. 06-0179, Staff reports that the Commission accepted IP and AITC's position that eminent domain was not an issue in the proceeding so reasonable attempts to acquire the property were not discussed.

After reviewing the Eminent Domain Act, 735 ILCS 30/1-1-1 et seq., Staff also believes that it would be prudent to avoid the use of the term "good faith negotiations" completely in Commission proceedings. In a subsequent eminent domain proceeding in circuit court, Staff states that the utility will have the burden of demonstrating that prior to filing the condemnation action, it has made good faith efforts to procure the property through negotiation. In support of this statement, Staff cites City Of Chicago v.

Giuseppe Zappani, 376 Ill. App. 3d 927; 877 N.E.2d 17; 315 Ill. Dec. 530 (First District, Second Division, Appellate Court)(2007):

> A condition precedent to the exercise of the power of eminent domain is an attempt to reach an agreement with the property owner on the amount of compensation. The Eminent Domain Act requires the condemnor to undertake good-faith negotiations with a landowner before filing a condemnation action. (877 N.E.2d at 22, 315 Ill. Dec. at 535)

Staff further notes that the Eminent Domain Act provides in relevant part:

> (a) When the right (i) to take private property for public use, without the owner's consent, (ii) to construct or maintain any public road, railroad, plankroad, turnpike road, canal, or other public work or improvement, or (iii) to damage property not actually taken has been or is conferred by general law or special charter upon any corporate or municipal authority, public body, officer or agent, person, commissioner, or corporation and when (i) *the compensation to be paid for or in respect of the property sought to be appropriated or damaged for the purposes mentioned cannot be agreed upon by the parties interested*, … (735 ILCS 30/10-5-10) (emphasis added)

Thus, Staff concludes that good faith negotiations, as discussed in Zappani, should occur prior to a utility bringing a condemnation action in circuit court. If a utility needs to file an eminent domain proceeding in circuit court (after having received eminent domain authority in its joint Sections 8-406, 8-503, and 8-509 proceeding), Staff asserts that the landowners would have the opportunity to raise the issue of whether the utility has conducted good faith negotiations. Staff states further that there is no statutory authority for the Commission to make a determination about good faith negotiations. Staff argues that the reference to the Commission determining whether the utility made reasonable attempts to acquire the property in Appendix A, "A Statement of Information from the Illinois Commerce Commission Concerning Acquisition of Rights-of-Way by Illinois Utilities," attached to 83 Ill. Adm. Code 300, "Guidelines for Right-of-Way Acquisitions," should not be interpreted in such a way as to affect the later circuit court proceedings under the Eminent Domain Act. Therefore, Staff recommends that the ultimate finding about "good faith negotiations" be left to another forum. In other words, Staff recommends that the Commission should make a determination whether the utility "made reasonable attempts" to acquire the property. Staff states that the Commission's orders should avoid using the phrase "good faith" so that the orders will not operate to estop the landowner from raising the good faith issue in a circuit court proceeding.

C. Commission Conclusion

The Commission agrees with Staff that some clarification of what is appropriate in dockets concerning Sections 8-406, 8-503, and 8-509 is warranted. The taking of property is a very serious matter and must be treated as such. Informing property

owners of what is at stake at the outset of a docket is important if they are to be given an opportunity to effectively represent their interests in the docket. This does not mean, however, that the Commission is in full agreement with Staff's position.

Petitions filed under Sections 8-406 and, particularly, 8-503 do not contain some implicit request for eminent domain authority and should not be read as such. Any petitioner seeking eminent domain authority must specifically request such relief under Section 8-509 in its petition. Although relief granted under Sections 8-406 and 8-503 may eventually result in a grant of eminent domain authority under Section 8-509, without a specific request under Section 8-509, eminent domain authority shall not be granted. More importantly, granting relief under Sections 8-406 and 8-503 does not render a later request under Section 8-509 a mere formality. While it is true that authority under Section 8-503 is specifically required before eminent domain authority can be granted under Section 8-509, a showing must also be made that the utility made a reasonable attempt to acquire the property before it will be allowed to exercise eminent domain authority in circuit court. The Commission is not prepared to say that even after a utility makes a reasonable attempt to acquire the property that it would automatically receive eminent domain authority under Section 8-509. Nor will the Commission assume that a circuit court would permit the exercise of eminent domain by a utility that has received authority under Section 8-509 from the Commission. Furthermore, to be clear, a certificate under Section 8-406 without authority under Section 8-503 is not sufficient for relief under Section 8-509. A utility may obtain a certificate under Section 8-406 in one docket. If it later desires eminent domain authority under Section 8-509, it may initiate a new docket in which it seeks relief under Sections 8-503 and 8-509.

As the preceding paragraph indicates, a petitioner need not seek relief under Sections 8-406, 8-503, and 8-509 simultaneously. Although situations may exist when doing so is appropriate, situations when it would not be practical are also imaginable. In this very docket, one of the approved routes (the Ottawa-Wedron route) is not the same route proposed by Petitioners in their petition. The Commission is not persuaded that utilities should be required to take the serious step of seeking to take property before they are even certain what route their facility will follow.

To assure that landowners are fully apprised of the potential consequences regardless of whether relief is sought under Section 8-503 and/or Section 8-509, the Commission finds that language should be used in notices to landowners upon being identified along a proposed route for a utility facility. In dockets concerning Section 8-503 but not Section 8-509, the Commission finds that the following language, or language similar to the following language, should be used in the first notice to an identified landowner:

> Landowners are advised that the utility may eventually seek authority to acquire property rights through eminent domain for the purpose of constructing the facilities at issue.

In dockets concerning both Sections 8-503 and 8-509, the Commission finds that the following language, or language similar to the following language, should be used in the first notice to an identified landowner:

> Landowners are advised that the utility is seeking authority to acquire property rights through eminent domain for the purpose of constructing the facilities at issue.

Although landowners currently receive appropriate notice, such language will provide landowners with additional information and thereby address at least some of Staff's concerns.

Turning to the specifics of the case at hand, Petitioners have not requested eminent domain authority in this proceeding. If a certificate under Section 8-406 and a Section 8-503 order are granted, Petitioners intend to continue the negotiation process. Should Petitioners subsequently determine there is a need to condemn certain property in order to construct the project, they will seek Commission approval to exercise eminent domain authority in a separate proceeding. Therefore, Petitioners believe that Staff's concerns about the exercise of eminent domain authority are premature.

The Commission has reviewed the positions of the parties. Subject to the conditions imposed and other findings made in this Order, the Commission concludes that the necessary showings under Section 8-503 of the Act have been made and that Petitioners should be and are hereby authorized to construct the project pursuant to Section 8-503. If Petitioners later determine there is a need to seek eminent domain authority, they will need to obtain specific Commission authorization before doing so.

IX. ACCOUNTING AND REPORTING ISSUES

Petitioners agree to the following Staff recommendations regarding accounting and reporting matters:

1. AITC will maintain its accounting records according to the Uniform System of Accounts for Electric Utilities, 18 CFR Part 101 as revised in FERC Order 668, until such time the Commission updates 83 Ill. Adm. Code 415, "Uniform System of Accounts for Electric Utilities."
2. Petitioners will perform an annual internal audit of all charges related to this docket under the JOA and submit the audit report to the Manager of the Commission’s Accounting Department by March 31 of each year.
3. Petitioners will provide a report, separate from any reports submitted under Docket No. 06-0179, to the Chief Clerk of the Commission and to the Manager of the Accounting Department of the Commission by March 31 of each year for the prior calendar year, containing a description of services and charges provided by Petitioners to their affiliates under the JOA; a description of services and charges provided by the affiliates to Petitioners under the JOA; Petitioners’ monthly billing to and payments

received from their affiliates under the JOA; the amounts of any allocated costs under the JOA; and backup for each allocation.

The Commission finds the agreements on these matters between Petitioners and Staff reasonable and approves them. The first reports under the second and third agreements shall be due on March 31, 2010.

X. FINDINGS AND ORDERING PARAGRAPHS

Having given due consideration to the entire record, the Commission is of the opinion and finds that:

(1) IP and AITC are public utilities pursuant to the Act;

(2) the Commission has jurisdiction over IP and AITC and the subject matter of this proceeding;

(3) the facts recited and conclusions reached in the prefatory portion of this Order are supported by the evidence and are hereby adopted as findings herein;

(4) the proposed construction, as and to the extent found appropriate above, and subject to the conditions found reasonable herein, will promote the public convenience and necessity; the record demonstrates that: (i) the proposed construction as found appropriate above is necessary to provide adequate, reliable, and efficient service to Petitioners' customers and is the least-cost means of satisfying the service needs of the customers; (ii) Petitioners are capable of efficiently managing and supervising the construction process and have taken sufficient action to ensure adequate and efficient construction and supervision thereof; and (iii) Petitioners are capable of financing the proposed construction without significant adverse financial consequences for the utility or its customers;

(5) Petitioners should be granted, subject to the conditions described above, a certificate of public convenience and necessity authorizing the construction, operation, and maintenance of the two 138kV transmission lines in LaSalle County over the routes found appropriate above;

(6) Petitioners should be authorized to construct the project pursuant to Section 8-503 of the Act; and

(7) all motions, petitions, objections, and other matters in this proceeding which remain unresolved should be disposed of consistent with the conclusions herein.

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that a Certificate of Public Convenience and Necessity shall be issued to Illinois Power

Company d/b/a AmerenIP and Ameren Illinois Transmission Company pursuant to Section 8-406 of the Public Utilities Act, and that said certificate shall read as follows:

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

> IT IS HEREBY CERTIFIED that the public convenience and necessity require (1) construction, operation, and maintenance by Illinois Power Company d/b/a AmerenIP and Ameren Illinois Transmission Company of two 138kV electric transmission lines over the routes found appropriate above, as shown on the Appendix attached hereto, and (2) the transaction of an electric public utility business in connection therewith, all as herein before set forth.

IT IS FURTHER ORDERED that Illinois Power Company d/b/a AmerenIP and Ameren Illinois Transmission Company are authorized to construct the project pursuant to Section 8-503 of the Pubic Utilities Act.

IT IS FURTHER ORDERED that Illinois Power Company d/b/a AmerenIP and Ameren Illinois Transmission Company shall comply with all reporting requirements, conditions and other determinations set forth in this Order, and the authorizations granted in this Order are conditioned thereon.

IT IS FURTHER ORDERED that all motions, petitions, objections, and other matters in this proceeding which remain unresolved are disposed of consistent with the conclusions herein.

IT IS FURTHER ORDERED that subject to the provisions of Section 10-113 of the Act and 83 Ill. Adm. Code 200.880, this Order is final; it is not subject to the Administrative Review Law.

DATED: November 25, 2008

Briefs on Exceptions must be received by December 17, 2008.
Briefs in Reply to Exceptions must be received by January 5, 2009.

John D. Albers
Administrative Law Judge